Austria	Sch24	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.700	Iran	Rls210	Philippines	Pso40
Belgium	BFr55	Israel	Shk3.50	Poland	Zl 9,000
Cyprus	C£0.90	Italy	L2000	Portugal	Es165
Denmark	DKr12.00	Jordan	JD1	Qatar	QR9.50
Egypt	E£3.25	Kuwait	Fils.500	S Arabia	SR7.00
Finland	FM9.50	Lebanon	L£400.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hong Kong	HK$12	Neth	Fl 3.25	Thailand	Bht50
Hungary	Ft107	Nigeria	Naira10	Tunisia	Din0.800
Iceland	IKr160	Norway	NKr12.00	Turkey	L2000
India	Rs15	Oman	OR1	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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Friday September 7 1990

D 8523A

JAPAN

Defence forces revamp image

Page 4

World News

Colombia offers deal to drug barons who give up

Colombian President César Gaviría has offered immunity from extradition and big cuts in prison sentences to drug barons who give themselves up. Page 24

Gorbachev go-ahead

President Mikhail Gorbachev confirmed that he will visit Tokyo despite the failure of Soviet-Japanese talks to narrow differences over disputed islands. Nato invite, Page 6

Soweto rampage

Zulus armed with axes and clubs rampaged through a commuter train in Soweto township, killing at least three passengers and dumping their bodies on a railway platform.

Sihanouk's rethink

Prince Norodom Sihanouk said he would attend Jakarta peace talks on Cambodia after all, prompting his foe, Phnom Penh premier Hun Sen, to reverse his position and join him. Page 4

Students in uniform

Students at Peking University, centre of last year's democracy protests, returned to their classes, some wearing military uniforms after a year of army training.

Delhi caste protest

Indian students and farmers defied riot police in a bid to paralyse New Delhi over plans to reserve nearly half of government jobs for people of low caste. Page 4

Tourists flee fire

Police and firemen evacuated over 1,000 tourists from a burning Club Med holiday resort on Sardinia's northern Costa Smeralda. Fifty bungalows were destroyed but nobody was hurt.

Abidjan march foiled

Security forces used tear gas and truncheons to break up a protest march against one-party rule by four opposition parties through the centre of the Ivory Coast capital, Abidjan. Page 4

Shipyard explosion

An explosion ripped through a $180m British Navy ship being constructed in the Belfast shipyard of Harland and Wolff. Workers had been safely evacuated after a warning.

Bombs rock Madrid

Three bombs rocked the heart of the Spanish establishment in Madrid, exploding in the stock market, a finance ministry building and Spain's highest court. There were no serious injuries. Page 6

Freedom hope

Senior Moslem sources in Beirut said three British hostages held there would be freed this month. Page 4

Typhoon kills 108

China's worst typhoon in decades has claimed 108 lives and left 850 people injured. It struck the eastern provinces of Zhejiang, Jiangsu and Anhui.

Len Hutton dies

Legendary England cricketer Sir Len Hutton, a sporting hero for three decades, died in London following an emergency operation. He was 74. Page 8

Business Summary

Greenspan says Federal Reserve may ease policy

The US Federal Reserve may again ease policy to offset a growing credit squeeze by the commercial banks, according to Fed chairman Alan Greenspan. Page 24

MARKETS: Wall Street: By mid-session Dow Jones was 40.10 lower at 2,588.12. Tokyo: Nikkei average closed down 266.43 at 23,811.91. Frankfurt: DAX index slipped 7.15 to 1,557.12. Back Page, Section II

GOODMAN International: Peter Fitzpatrick, examiner appointed to oversee affairs of Larry Goodman's financially troubled Irish-based meat-processing group, has called a meeting with the group's 33 banks. Page 25

FORD Motor Company of the UK is tightening vetting procedures for job applicants in an attempt to screen out people with "unacceptable attitudes." Page 24

COOKSON Group, UK specialised industrial materials company, is considering the sale of some of its metals businesses as part of a major restructuring. Page 25; Lex, Page 24

EUROPEAN Community should press on with monetary union, despite the fact that higher oil prices will exacerbate economic divergences between member states, Jacques Delors, European Commission president, said. Page 6

UNION Bank of Switzerland, largest Swiss bank, said it had serious reservations about planned refinancing of troubled Eurotunnel project. Page 25

RENAULT, French motor group, increased its offer for US truck manufacturer Mack Trucks to $103m, winning agreement for a takeover from its board. Page 25

RHONE-Poulenc, French state-owned chemicals group, has sold Spanish polyvinyl chloride division. Page 26

IMPERIAL Chemical Industries, UK's largest chemical group, is restructuring operations in western Europe to prepare for EC single market after 1992. Page 10

CANADIAN wheat farmers are set to harvest second biggest crop on record, but may end up with large unsold stocks. Page 34

URUGUAY Round: political leaders should push towards a speedy conclusion to talks as delay would be "very damaging and even catastrophic," according to te Eminent Persons Group on World Trade.

SCANDINAVIAN Airlines System, is planning to cut costs in airline division by at least 5 per cent in 1991 after suffering a 69 per cent fall in operating profits in first half 1990. Page 26

AUSTRALIA'S Labor Government is to sell at least 49 per cent equity in domestic carrier Australian Airlines and Qantas, Prime Minister Bob Hawke announced.

ROMANIA has appointed Mugur Isarescu, monetary policy specialist at its Washington embassy, as central bank governor.

Superpowers 'will demand withdrawal from Kuwait' ● Moscow may join Gulf force

Accord on Iraq strengthens

By **Quentin Peel** in Moscow, **Alan Friedman** in Washington and **Robert Graham** in London

Iraqi Foreign Minister Tariq Aziz in Moscow yesterday after talks on the Gulf crisis with Soviet President Mikhail Gorbachev

THE Soviet-US summit in Helsinki this weekend is expected to reinforce a joint position on Kuwait, together with an unequivocal insistence on an Iraqi withdrawal in line with UN Resolution 660.

A senior western diplomat in Moscow yesterday confidently predicted this outcome, encouraged by the cool reception given here to Mr Tariq Aziz, the Iraqi Foreign Minister.

President François Mitterrand of France also revealed that he had spoken by telephone to Presidents George Bush and Mikhail Gorbachev yesterday. The Soviet leader had stressed that there should be no split in the international front demanding that Iraq withdraw from Kuwait and release foreign hostages.

"He insisted on this concept of cohesion," Mr Mitterrand said.

He said, in a message calculated to place France solidly in line with the US on the unswerving imposition of an embargo, that the military had the right to use force if necessary to enforce the blockade.

However, France would not necessarily lend military support if the US made a sudden unilateral attack against Iraq.

There were also hints that the Soviet Union might join a UN military force in the Gulf. Until now the Americans have been wary of such a move, but yesterday there were indications it might overcome its reservations.

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, suggested that Moscow was keen to activate the dormant UN Military Staff Committee and indicated it might join a multinational force in the Gulf if authorised by the UN. "If we vote for it, of course we do [join it]," Mr Gerasimov said.

Refugees.......................Page 2
Baghdad attempts to widen issue ....Page 2
Thatcher supported ..Page 3
US revives development of protective clothing ....Page 3
Canadian flight lands in Turkey..........................Page 3
Politics Today ....Page 23
Markets ....Section II

Describing the Helsinki summit as "extremely important," he said its significance went further than the Gulf issue alone "since it is the first time since the Cold War period that we are working together on the same side of the barricades on such a issue..."

While in Moscow Mr Aziz offered to link resolution of the conflict over Kuwait to progress on other questions in the Middle East, including the fate of the Palestinians, Israeli occupation of the West Bank, and the civil war in Lebanon. This was first raised by President Saddam Hussein of Iraq on August 12. But in talks in Moscow on Wednesday any such linkage was rejected.

Mr Aziz was forced to admit to "considerable differences" between his government and the Soviet leadership, although he still claimed that the two countries were "friends."

Despite the fact that Mr Aziz was supposed to be bringing a message from Mr Saddam to Mr Gorbachev two days before his meeting with the US president, there was no indication of any new proposals to end the confrontation.

After the Iraqi-Soviet talks, Soviet officials said all women and children of Soviet nationality had been evacuated from Iraq, but some 6,000 Soviet citizens remained as advisers in different capacities. Nearly 200 of them are military advisers, who have been advised to leave at the end of their contracts.

The continuing presence of Soviet military advisers in Iraq is the one issue on which the US would clearly like a hardening of the Soviet attitude, although officials insist that it is not a major bone of contention.

Meanwhile, Mr Bush said he would accept an offer from Baghdad to appear on Iraqi television with a message explaining US policy in the Gulf, the White House said.

It follows complaints from the Bush Administration about what it calls "Saddamathons" in which Cable News Network (CNN) has devoted hours of air time to the Iraqi president's speeches, news conferences and meetings with Western hostages.

In London Mrs Margaret Thatcher, the Prime Minister, speaking at the start of an emergency parliamentary debate said she hoped sanctions would force Iraq's withdrawal, but refused to rule out the use of force.

"I am not prepared to limit our legitimate freedom of action," she said. "I believe some additional forces will be needed. Their composition is under consideration."

Britain, the first country to send forces to back the US military build-up in the Gulf, has sent three squadrons of fighter-bomber aircraft, a destroyer and two frigates to the area. A second destroyer and three minesweepers are also on their way.

Continued on Page 24

War fears push oil prices over $30 a barrel

By **David Thomas**, Resources Editor, in London

CONTINUING FEARS of an escalation in the Gulf crisis yesterday triggered another round of oil and petrol price rises.

North Sea Brent crude oil passed through the psychologically important $30 a barrel mark, rising to $30.90 for October delivery, up about $1 on the day.

In New York, West Texas Intermediate crude also for October delivery jumped to $31.35 a barrel in afternoon trading, up $1.58, before retreating to $31.15.

British Petroleum announced an increase in UK petrol prices of 6.8p a gallon, taking the average price at the pump of its four-star leaded petrol to 230.9p ($4.39) and of unleaded petrol to 217.3p. Other oil companies are widely expected to follow suit in the next few days.

BP defended its decision by saying that the market cost of petrol had risen by 26.2p a gallon since the invasion of Kuwait, while its price had increased by only 23.3p a gallon.

Nevertheless, Mr Frank Dobson, shadow energy secretary, renewed his accusation that the oil companies have profiteered from the Gulf crisis.

The Office of Fair Trading has given the oil companies a deadline of today to justify their recent petrol price increases.

Several other European countries and the US have launched similar inquiries into petrol price movements since the start of the Gulf crisis.

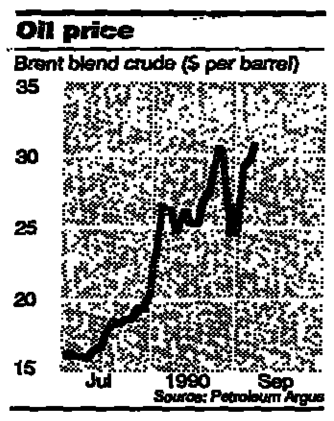
In New York, traders blamed yesterday's increases on reports of American injured in the Gulf. "Continued mid-east tensions are rallying the market," said Mr James Ritterbusch, a broker at Carson Petroleum Co.

The wildly fluctuating prices of recent weeks are expected to force London's International Petroleum Exchange to scrap a rule which stops trading in gasoil futures for a 30-minute cooling off period after sharp price movements.

● Reuter reports from Jeddah: Mr James Baker, the US Secretary of State, said yesterday he would ask Saudi Arabia to use windfall oil profits of at least $100m a day from the Gulf crisis to aid the US-led campaign against Iraq.

A sharp blow to the vulnerable, Page 22, Commodities, Page 34

Oil price



Spain offers compromise to speed agreement on EMU

By **Peter Bruce** and **Tom Burns** in Madrid and **Peter Norman** in London

THE SPANISH Government is putting forward compromise proposals drawing on Britain's plan for a "hard Ecu" in an effort to push the European Community towards agreement on economic and monetary union (EMU) in December.

Mr Carlos Solchaga, the Spanish Finance Minister, said in an interview with the Financial Times yesterday that he wanted to convert "the positive elements" of Britain's alternative to the so-called Delors plan for full monetary union into a stepping-stone towards EMU. He will present his proposals to an informal meeting of EC finance ministers which begins in Rome today.

Mr John Major, the UK Chancellor, last night welcomed the Spanish initiative. "This bears out my view that the more our proposals are studied, the greater their advantages will be seen to be," he said. "The right way forward is an evolutionary approach in which all members of the Community can participate."

Mr Solchaga said his compromise was a "constructive contribution." It would salvage the main elements of the British position which has attracted no strong support from other EC member states in advance of the December Intergovernmental Conference (IGC) on EMU.

"It would be very risky to start the IGC with Britain not accepting a consensus European approach and everyone else refusing to accept Britain's views," he said.

Mr Solchaga's document, drawing on the British alternative, calls for the creation of a European Monetary Fund that would begin issuing hard Ecus at the beginning of 1994. Under the British plans, the hard Ecu would be a parallel currency derived from the existing European Currency Unit. It would never be devalued against other EC currencies.

Madrid's idea is that the hard Ecu would become the Community's single currency at the end of phase two of the process towards monetary

Continued on Page 24

Top Socialists declare war on Guerra, Page 6; Fed may act to offset US credit squeeze, Page 24; Markets, Section II

Stora will concentrate on pulp and paper after strategy switch

By **Robert Taylor** in Stockholm

STORA, Europe's largest pulp and paper group, confirmed a major shift in its corporate strategy yesterday as a result of its integration of the German industrial enterprise Feldmühle Nobel (FeNo), acquired earlier this year for DM4bn ($2.56bn).

Mr Bo Berggren, Stora's chief executive, said in Stockholm that the company intended to concentrate its energies on the core business of forestry industry activities. Stora's aim is to become one of the world's leading forest product companies and strengthen its position inside the European Community.

This means a restructuring of Stora which will involve the selling off of most of the remaining parts of its diverse operations, which it acquired when it bought Swedish Match 2½ years ago.

New owners are to be found for Finess, Stora's paper napkin division; its floor producing activities in Tarkett; and its kitchen equipment business. The sale of those parts of Stora is estimated by the company to involve a further reduction of SKr11.5bn ($1.98bn) in its invoiced sales for this year and a decline of 12,690 in its manpower level.

Yesterday's move follows earlier sales by Stora of Swedish Match's consumer products, chemicals and hygiene paper activities.

As a result of its disinvestments the company over the past 12 months will have cut its payroll from 89,150 to 59,200 and its invoiced sales from SKr74.1bn to SKr56.3bn.

"We must give up some of our earlier ambitions," Mr Berggren said. "Instead we must give the highest priority to the Feldmühle acquisition."

Mr Berggren also said the paper and paperboard operations in Feldmühle AG, FeNo's forest products unit, are to be taken out of the existing German company and integrated into Stora's corresponding operations.

At the same time FeNo's non-forestry activities in explosives, defence equipment material and ammunition, plastic processing and the manufacture of a range of heating equipment, steel building materials, stainless steel products and kitchenware are to be grouped in FeNo.

Mr Berggren would not speculate on whether Stora would eventually sell off the non-forestry product areas of FeNo's business.

Stora acquired FeNo last April in partnership with Patricia, a subsidiary of the Wallenberg-owned Investor and Providentia finance companies which took a 24.9 per cent stake of the share capital. But yesterday Stora announced that it was acquiring this holding for SKr3.5bn to add to its existing 60 per cent of FeNo. Mr Berggren said other parties would now have the opportunity to invest in FeNo.

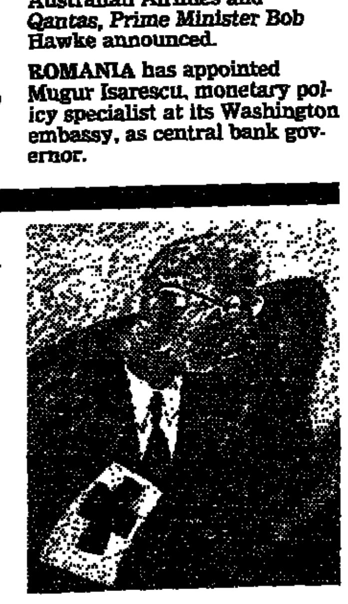
The new structure for the company will group the existing Stora and Feldmühle forestry product operations in three distinct business areas: Feldmühle (covering all printing paper operations); Papyrus (fine paper products); and Billerud (packaging paper and packaging board).

Weekend FT

Tomorrow: Can the Geneva conventions restrain Saddam Hussein?

●

An English poet devours the Las Vegas poker sharks



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Top-ranking Spanish Socialists declare war on el Guerrismo

Spanish cabinet ministers are fed up with their deputy Prime Minister, Alfonso Guerra (left). For the first time, they are speaking out openly against him and the enormous power he wields

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MARKETS

STERLING
New York lunchtime:
$1.90735
London:
$1.9085 (1.8985)
DM2.9725 (2.9675)
FFr9.9575 (9.9425)
SFr2.48 (2.465)
Y269.0 (same)
£ index 94.8 (94.7)

GOLD
New York: Comex Dec $396.2
London:
$389.75 (376.50)

N SEA OIL (Argus)
Brent 15-day Oct
$31.025 (29.80)

Chief price changes yesterday: Page 25

DOLLAR
New York lunchtime:
DM1.5578
FFr5.21
SFr1.3005
Y140.9
London:
DM1.557 (1.5625)
FFr5.2175 (5.2375)
SFr1.299 (1.298)
Y141.0 (141.65)
$ index 63.0 (63.1)
Tokyo close: Y141.65

US lunchtime rates
Fed Funds $8\frac{7}{16}$%
3-mo Treasury Bills: yield: 7.6%
Long Bond: $97\frac{25}{32}$
yield: 8.96%

STOCK INDICES
FT-SE 100:
2120.9 (-31.3)
FT Ordinary:
1639.9 (-32.3)
FT-A All-Share:
1031.06 (-1.3%)
New York lunchtime:
DJ Ind. Av.
2,597.03 (-31.19)
S&P Comp
320.77 (-3.62)
Tokyo: Nikkei
23,811.91 (-266.43)

LONDON MONEY
3-month interbank:
closing $14\frac{29}{32}$-$14\frac{27}{32}$% (same)
Liffe long gilt future:
$83\frac{5}{32}$% ($82\frac{31}{32}$)

CRISIS IN THE GULF

Moscow rejects Baghdad attempt to widen issue

By Quentin Peel in Moscow

THE SOVIET UNION has firmly rejected attempts by Iraq to link resolution of the conflict over Kuwait to progress on other questions in the Middle East, including the fate of the Palestinians, Israeli occupation of the West Bank, and the civil war in Lebanon.

The statement followed a flying visit to Moscow by Mr Tariq Aziz, the Iraqi Foreign Minister, to see President Mikhail Gorbachev, in an apparent effort to win greater Soviet sympathy in advance of this weekend's emergency meeting in Helsinki between the Soviet leader and President George Bush.

Instead, Mr Aziz was forced to admit to "considerable differences" between his government and the Soviet leadership, although he still claimed that the two countries were "friends."

Meanwhile, a senior western diplomat expressed confidence that the Helsinki meeting would reinforce the US-Soviet position on Kuwait, insisting absolutely on an Iraqi withdrawal in line with the UN resolution.

There were hints yesterday that the Soviet Union might be prepared to join a UN military force in the Gulf, and indications from the American side that such an operation was not being excluded.

President Bush will accept an offer from Baghdad to appear on Iraqi television to explain US policy in the Gulf, the White House said yesterday.

In Baghdad, Iraq's Information Ministry confirmed overnight reports that an American citizen was shot and wounded in Kuwait City by Iraqi troops. US embassy officials in Baghdad said the unnamed man had been shot apparently for violating curfew orders.

Mr Naji al-Hadithi, Information Ministry director, said the US citizen was slightly wounded in his arm and had been taken to a hospital in Kuwait. The incident was "unintentional" and the victim in "good shape".

In spite of the fact that Mr Aziz was supposed to be bringing a message from President Saddam Hussein, there was no indication of any new proposals.

The minister stressed repeatedly the integrated nature of all conflicts in the region, and demanded UN Security Council debate and action on all the issues as a precondition to any change in Iraq's stance on Kuwait.

despite the fact that Mr Eduard Shevardnadze, the Soviet Foreign Minister, has proposed the idea of a Middle East peace conference as one way of defusing the crisis over Kuwait, his spokesman, Mr Gennady Gerasimov, yesterday firmly rejected any direct linkage.

"I don't think we should link this aggression with any other issue," he said. "Otherwise resolution of this conflict will be indefinitely postponed." However, he said that the Soviet position did not mean that it was "stepping back from our criticism of Israeli aggression."

He said that all women and children of Soviet nationality had been evacuated from Iraq, but some 6,000 Soviet citizens remained as advisers in different capacities. Nearly 200 of them are military advisers, who have been advised to leave simply at the end of their contracts.

The question of the continuing presence of Soviet military advisers in Iraq is the one issue on which the US would clearly like a hardening of the Soviet attitude, although officials insist that it is not a serious bone of contention

A senior western diplomat said yesterday that he did not believe Mr Aziz had brought anything new to Mr Gorbachev, nor that he had succeeded in creating any serious distinction between the positions of the superpowers.

King Hussein, left, arrives in Baghdad to be embraced by President Saddam Hussein

India agrees to Iraqi request for medical supplies

By K K Sharma in New Delhi and Robert Graham in London

INDIA has decided to send medical supplies to Iraq at Baghdad's request, in a move that is likely to be major test of the United Nations embargo.

The Indian medicines will be sent as soon as permission is given to Indian air force transport aircraft to fly to Baghdad.

At the same time both China and Iran were also reported to be considering the despatch of humanitarian aid to Iraq.

India claimed yesterday that western nations were adopting double standards in enforcing sanctions against Iraq as India renewed a request to the UN for food and medical aid to be sent to tens of thousands of its nationals stranded in the Gulf.

"America, Britain and [other] western countries are laying down certain ground rules. It is somewhat like being player and umpire in the same game," an Indian External Affairs Ministry spokesman said. He complained that western nations had chartered Iraqi planes to fly out their nationals, while objecting to India's efforts to send food and medical supplies to the Indians in Kuwait and Iraq.

"It seems to us that there are some people laying down the law and then determining how it should be implemented. In our view, the rules are not being applied fairly and equitably."

The United Nations sanctions resolution bars all goods, including food and medicine – except for humanitarian reasons. India has presented a memorandum to Mr Javier Pèrez de Cuèllar, UN Secretary-General saying that in any blockade, relief supplies of food and medicines should be allowed on humanitarian grounds.

The US and other western nations continue to maintain that Iraq has yet to reach the stage where it needs such "humanitarian" assistance even though President Saddam Hussein of Iraq on Wednesday claimed Iraqi children were dying as a result of the embargo.

The proposed medical airlift follows an Indian decision to send a ship with supplies of food and medicines for Indians stranded in Kuwait. The ship, which is also meant to bring back Indians stranded in Kuwait, has now docked at a port in the United Arab Emirates awaiting Iraqi permission to proceed to Kuwait.

There were suggestions that the Iraqi authorities were conditioning the permit on the ship carrying food and medicines. A second ship is ready to sail from Bombay once Iraqi permission is granted and another has already picked up some 700 Indians stranded in Kuwait.

So far, about 16,000 have made it home, mostly after an overland trek to Amman, Jordan. Another 12,000 are stranded in miserable conditions at the Iraq-Jordan border. India had about 172,000 people in Kuwait and some 9,000 in Iraq when the crisis broke.

The Indian government has been criticised by some newspapers for not giving adequate support to its nationals in distress in Kuwait. There have been reports that Indians have been assaulted by Kuwaitis because of their government's "ambivalent" stand.

Reacting to questions on these reports, an official spokesman said yesterday these assaults, if correctly reported, were unjustified as India's stand was "crystal clear" and it had not recognised Iraq's annexation of Kuwait.

Bonn declines military payments

By David Goodhart in Bonn

A BROAD political consensus has emerged in West Germany which favours providing financial aid for the Gulf crisis but against directly paying for the US's military operation in Saudi Arabia.

Yesterday Mr Volker Rühe, chairman of the governing Christian Democrats, spoke out against aid for the US military operation and said it would be most sensible if Germany concentrated its resources on those countries in the Middle East, such as Jordan and Turkey, which have been most badly hit by the crisis.

As unification draws near, Germans are sensitive to the accusation that they are not pulling their weight in world affairs, especially for the US, which is acknowledged to have done so much to make unification possible.

However, Bonn faces constitutional, political and financial pressures which limit it actions. Chancellor Kohl supported a limited military contribution to the Gulf but those who interpret the country's constitution as banning military operations outside the Nato area, led by Mr Hans-Dietrich Genscher, Foreign Minister, prevailed.

Mr Genscher's Free Democrats and the main opposition party, the Social Democrats, appear to have public opinion on their side. A poll published yesterday showed that 53 per cent of the population is against any change to the constitution to make it easier for German soldiers to operate outside Nato.

The Free Democrats and Social Democrats do support financial aid but strictly limited to actions directly backed by UN decisions. Many government supporters such as Mrs Michaela Geiger, foreign affairs spokeswoman of the CDU/CSU, would prefer to provide aid to the US with no strings attached, but the majority are likely to support the consensus view of Mr Rühe.

No figures have yet been formally presented by the US but an immediate demand of DM1bn (£335m) is expected in Bonn, which should be manageable despite the competing financial demands of the Soviet Union and of unity itself.

As well as financial aid to countries suffering from the effects of sanctions Germany may consider debt forgiveness for countries such as Egypt; an extra DM20m in development aid has already been pledged to Jordan.

Baghdad's stream of abuse angers Cairo

By Tony Walker in Cairo and Lamis Andoni in Amman

THE EGYPTIAN Government yesterday deliberately refrained from replying to the blatant call for the overthrow of President Hosni Mubarak issued on Wednesday by President Saddam Hussein, the Iraqi leader. But Egyptian officials are deeply angered by the continuing stream of abuse from Baghdad directed at their Government and the Gulf rulers.

Egyptian media yesterday barely mentioned Mr Saddam's statement, his most direct attack so far since Iraqi troops invaded Kuwait on August 2 and Egypt's subsequent despatch of troops to form a combined Arab force on the Saudi-Kuwaiti border.

Privately Egyptian officials are making no secret of their desire to see Mr Saddam go quickly, and if this requires US military action, so be it. "He's disturbed, it's obvious now that he is staggering," said one high-ranking official. "He does not know what he's doing, and there's no sign he is trying to find a way out."

In Jordan, where Iraq still enjoys broad popular support, analysts believed that Mr Saddam has concluded that a military confrontation is inevitable. His speech was thus seen as preparing his people and the Arabs for the battle.

"There seems to be a mood of resignation settling on the Iraqi leadership and perhaps the people that a military conflict is inevitable", said Dr Kamel Abu Jaber, a political scientist .

Dr Abu Jaber and other analysts said that this mood was clear in the Iraqi leader's Wednesday speech when he repeatedly referred to the "great battle between the good and evil". Jordanians noted that Mr Saddam appealed both to Arab and Islamic sentiments as well as preparing his people for great sacrifices to come.

Despite a detectable tone of apprehension and of being cornered, in Jordan the Iraqi leader was not seen to be bowing to western pressures.

Instead he seemed determined to make the west and its allies in the region pay dearly even if he himself was defeated.

Some analysts did not exclude that Mr Saddam might be anticipating or even indirectly encouraging attacks against western targets in the Arab and Moslem world.

Iraq's leader called on Tuesday for a "holy war" against American forces in the Gulf and for the removal of Saudi Arabia's King Fahd and Egypt's President Mubarak. The speech, heavy with religious references, described Mr Mubarak as "corrupt" and said the Saudi rulers were traitors who brought unbelievers into Islam's holy shrines. "The faithful will not retreat," he declared. "This will be our slogan forever."

In Cairo it was noted that Mr Saddam's references to Egypt have swung between the abusive and conciliatory. The latest statement is regarded as the least restrained. "Everyone is getting desperate and this is a further sign of desperation," said an Egyptian journalist. "But is it also a deliberate and provocative step further."

Iraqis take over homes in Kuwait

By Stephanie Gray

THOUSANDS of Iraqis are being moved into Kuwait, issued with Kuwaiti identity cards, and installed in the homes of evicted nationals in an attempt to alter the country's demographic balance, according to Dr Huda Al-Bahar, who was studying in Britain at the time the emirate was invaded.

Quoting a letter smuggled out from a public health official, she said all but one hospital had been taken over by Iraqi troops. Premature babies had been moved from a special unit and had died. Patients at psychiatric and geriatric hospitals had been released.

Dr Al-Bahar, speaking at the launch in London of the Association for Free Kuwait which aims to enlist international support for the removal of Iraqi forces, said Kuwaiti and other doctors had set up a mobile operating theatre to provide emergency care for all who needed it.

Mr Naser Al-Marri, displaying his injuries as a freedom fighter in the Kuwaiti resistance, said Iraqi soldiers were hanging people in the streets and burning their bodies.

A banker who returned to Kuwait to fight the invaders, Mr Al-Marri said three of his resistance colleagues had been left bleeding to die outside one hospital. Similar groups were operating all over the country. He said he sustained his injuries in a clash on August 20 and had escaped through Saudi Arabia where he had been treated.

Mr Al-Marri said children had been killed for demonstrating with posters of the Emir, Sheik Jaber, and the Kuwaiti flag. He admitted that his account could not be verified and deplored Iraqi President Saddam Hussein's refusal to allow independent witnesses, such as Red Cross officials, into the country.

Members of the Al-Sabah ruling family were also still fighting. Egyptians and Europeans were helping by providing training, food and medical equipment.

He said that, apart from weapons belonging to Kuwaiti forces.the movement had anti-tank guns, which it had bought off the invading soldiers.

Gulf bank moves to rebuild liquidity

By Stephen Fidler, Euromarkets Correspondent

GULF International Bank, the Bahrain-based international bank owned by the seven Gulf states including Iraq and Kuwait, sold significant quantities of assets last month, including a $500m block of Third World debt, bankers say.

The sales were intended to rebuild the bank's liquidity which suffered significantly last month after Iraq's invasion of Kuwait. This eased after it was made clear that the bank would not be covered by the US freeze of Kuwaiti and Iraqi assets.

According to bankers familiar with the transactions, the bank sold $500m face amount of Argentine, Mexican and Venezuelan debt to two debt traders, most to Salomon Brothers in New York and some to Morgan Grenfell, the UK merchant bank.

The loans were sold on the weekend of August 11 at a discount to prevailing secondary market prices but significantly above current levels. The Venezuelan loans were sold at more than 45 cents on the dollar, the Mexican bonds, issued at par in this year's debt restructuring, at about 42 cents, and the Argentine debt at between 14 and 15 cents.

Rumours of the sales, and offerings of loans by other Middle East banks have depressed the market in Third World debt since the Iraqi invasion.

GIB had a Third World debt portfolio of $1.4bn at the end of last year, and this had shrunk slightly before the invasion. At current prices, GIB is said not to be keen to sell significant further loans.

Sales of the loans were made possible by the provisions of an average 70 per cent the bank made last year against its Third World debt portfolio. Some other Arab banks, including Arab Banking Corporation, are not so heavily provisioned so that selling Third World assets would not generate liquidity.

The bank's initial reaction to the crisis had been to sell treasury bills and other liquid instruments. The Third World debt sale followed and, according to bankers in Bahrain, the bank is still offering smaller. slices of prime assets to other banks to rebuild liquidity.

At mid-year, the bank had a balance sheet of $9.9bn, nearly $4bn of which was in marketable securities and interbank loans. It is aiming to maintain this high levels of liquidity.

Israel expects US anti-missile package

By Alan Friedman in Washington

ISRAEL expects to receive a package of US anti-missile equipment including the Patriot surface-to-air system, according to Mr David Levy, the Israeli Foreign Minister.

Mr Levy yesterday met President George Bush to discuss the Gulf crisis and prospects for reviving the stalled Middle East peace process.

He also said he was convinced that Washington would agree to cancel Israel's $4.6bn of military debt in the wake of President Bush's proposal to cancel $7bn of military debt owed by Egypt.

An Israeli official accompanying Mr Levy said that while President Bush did not provide an explicit guarantee that the Israeli debt would be forgiven "we expect the Administration will respond positively to the request."

The Israeli Foreign Minister first said the US would supply the Patriot missile during an interview yesterday with Israeli radio. The total package under discussion is believed to be valued at about $1bn. but the method of payment remains unresolved.

Emerging from a White House meeting with Mr Bush, Mr Levy said he was happy to hear from the President "on the commitment of the United States to Israel's qualitative and military edge, to stand next to it and to supply it with the needs for its security."

The Foreign Minister said he had talked with President Bush about joint goals, how to maintain the security of Israel and equipment needed. An Israeli official confirmed that Mr Levy expected this would mean the supply of the Patriot and other advanced weapons.

The Patriot is an advanced anti-aircraft system with limited anti-missile capability. Israel wants the system to enhance its ability to counter any possible strikes from Iraq's enhanced Scud B missiles.

The Israeli Foreign Minister spent some time during talks on Wednesday with Mr James Baker, the US Secretary of State, discussing ways to seek a Middle East peace settlement involving the Palestinians. The issue has been a major stumbling block in US-Israeli relations for the past 18 months.

Mr Baker, before leaving on a tour of the Gulf, said he had agreed with his Israeli counterpart that it was "very important in the context of the overall situation in the Middle East that there be a credible peace process underway."

NEWS IN BRIEF

UN acts to free logjam of refugees

THE United Nations yesterday chartered a giant Soviet Antonov airliner to evacuate 17,000 Bangladeshis and Sri Lankans from Amman and help free the logjam of refugees stuck in the Jordanian desert, Reuter reports from Geneva.

Tormented by sun, sand and scorpions, more than 75,000 Asian refugees from Iraqi-occupied Kuwait are now suffering in the Jordanian desert where fierce sandstorms yesterday swept over three camps in a 47-mile no man's land between the Iraqi frontier and the Jordanian border post at Ruweished.

UN and other agencies are pouring staff, food, tents and water into Jordan. The UN planned 10 return trips in the Antonov over the next 10 days and additional rotations were possible provided the it received enough funding, the official said .

More western women and children flown out of Iraq

WESTERN women and children continued to leave Iraq yesterday in chartered Iraqi aircraft while their menfolk were being detained as hostages against a possible attack on Iraq by the international forces gathering in the Gulf, **Robert Mauthner, Diplomatic Correspondent, writes.**

According to official estimates, some 7,000 western and Japanese men are being detained by the Iraqi authorities. British officials said they believed that all British men rounded up in Kuwait had been taken to Iraq, where up to 200 Britons are now thought to be in detention at strategic sites.

However, the Foreign Office in London estimated that there were still about 1,800 Britons left in Kuwait, some 400 British residents in Iraq, in addition to the 200 men in detention, and another 400 Britons "in transit."

Morocco seeks delayed meeting

Morocco has called for the indefinite postponement of an Arab League Foreign Ministers' meeting scheduled to be held in Cairo on Monday, fearing that such a gathering would further deepen divisions in the Arab world – now split into two hostile camps, **Tony Walker reports from Cairo.** Monday's meeting was called to approve the re-location of the Arab League headquarters from Tunis to Cairo.

EC urges energy saving

European Community governments must do more to ensure security of energy supply, and must try harder to promote energy saving measures and energy efficiency, the European Petroleum Industry Association (Europia) warned yesterday, **Lucy Kellaway reports from Brussels.** The association said that governments should develop realistic alternative energy sources and encourage domestic exploration.

Dilemma of UK company building 'Saddam's bunker'

Carry on working is the Foreign Office message for British groups with contracts in Iraq, writes **Jimmy Burns**

MORE THAN a month after the invasion of Kuwait some British companies are continuing to work on contracts in Iraq, and are expecting to be paid for it with the blessing of the Bank of England.

In practice, it has not proved simple to cut off all commercial contact with Iraq at the stroke of a legislative pen, as the case of Mivan Overseas Ltd, one of Northern Ireland's leading construction companies demonstrates.

The company in March 1989 signed a series of joint venture and "leader" contracts worth a total of £31m for a building project filed with the Iraqi Ministry of Planning with the code-name Project 304X.

The £150m investment and the specifications of some of the contracts linked to it have left banking sources with no doubt that the plans call for a large prestige administrative building which could be put to military use.

Contracts include the installation of 60mm thick bullet-proof windows-made to very exacting standards – and internal security and communications systems.

The Department of Trade and Industry said that it was unable to estimate the number of British companies operating in Iraq as before the invasion no company was obliged to inform the Government of its activities.

The DTI's subsequent role has been in denying export licences to companies wishing to trade with Iraq. But a precise estimate of companies still doing business is difficult as some companies are believed have chosen to adopt a low profile and not even contact the British embassy.

The companies known to have been operating in Iraq since the trade embargo include John Laing, Hawker Siddeley, Biwater and Davy Corporation on projects ranging from the construction of an aero medical centre in Baghdad to the installation of switch gear at a tyre factory.

Henry Johnston

The Foreign Office also will not comment on individual contracts. However it confirmed yesterday that its instructions to all British companies with contractual obligations in Iraq were to carry on working.

The official diplomatic advice is that British expatriates could run the risk of being taken as hostages if they downed tools. Mivan has joined several British companies in telling its expatriates to carry on working normally as a result.

The advice from the Bank of England is not proving quite so straightforward. A combination of EC Council regulations, UK statutory instruments and UN orders in force since the second week of August, prohibits for example "any act calculated to promote the supply or delivery of goods in any form" in Iraq.

It also states that the Bank of England will "not normally" give permission to "enable orders received by persons subject to the directions from persons resident in Iraq to be transferred to and executed by branches outside the UK.

In practice rules and regulations have effectively frustrated the export of goods and material from the UK to Iraq since August 7. But Mivan is just one of several companies that already had its material in Iraq and was thus unaffected by the ban.

The company however believes it has discovered a "grey area" in the regulations regarding payments due for work in progress since the invasion of Kuwait. These payments would normally take the form of a "progress certificate" issued by an Iraqi bank which, in Mivan's case, would trigger off payment by the Bank of Ireland against the guarantee of a Iraqi deposits held in the UK.

The Bank of England which is known to be adopting a sympathetic attitude to British companies suffering cash difficulties as a result of the Gulf crisis, said yesterday it was prepared to approach the issue of payments on a case by case basis.

So far no transfer from Iraq for work in progress since August 4 has been issued. However Mivan senior executives believe that Bank of England officials are split on the issue and the company could soon become one of many determined to press their case for greater flexibility on transfers out of Iraq.

Mr Henry Johnston, the company's Managing Director said: "Iraq has been very good to us. We've been doing business with them for the last ten years and we would be happy to work there for the next ten years."

He added: "The work we are doing is under the advice of the British embassy in Baghdad. We feel that the Bank of England is morally bound to insure that we get paid for it."

Mitterrand backs US stance

THE WEST must continue exerting the strongest pressure on Iraq, and apply the United Nations embargo "without fail." President François Mitterrand of France urged yesterday, writes William Dawkins in Paris.

In a message calculated to place France solidly behind the US on the unswerving imposition of an embargo, Mr Mitterrand said the military had the right to use force if necessary to enforce the blockade.

However, France would not necessarily lend military support if the US made a sudden unilateral attack against Iraq. Mr Mitterrand had "no particular worries" over his government's continued unity over France's response to the Gulf crisis.

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CRISIS IN THE GULF

Tom King (left), Defence Secretary, and Douglas Hurd, Foreign Secretary, leaving *Downing Street* to attend the emergency House of Commons debate on the Gulf crisis

Thatcher wins widespread support from parliament

By Philip Stephens, Political Editor, in London

MRS Margaret Thatcher, Britain's Prime Minister, announced *yesterday that the* UK is preparing strengthen its forces in the Gulf, as her government's response to the Iraqi invasion of Kuwait won over*whelming support from mem*bers of parliament of all political parties.

In an emergency House of Commons debate on the crisis, Mrs Thatcher said Britain and its allies would accept nothing less than Iraq's "total and *unconditional withdrawal*" from Kuwait.

Parliament had been recalled during a recess for the first time since Argentina invaded the *Falklands* in 1982.

Mrs Thatcher gave no details of the additional forces which will *complement the present* British air and naval presence in the Gulf. There was intense speculation among Conservative MPs, however, that the Government was ready to send a small complement – perhaps 1,000 – of ground troops to the region.

She insisted that the Government would prefer a peaceful settlement in the region, but repeated several times that it *was not prepared to rule out* the possibility of a pre-emptive military strike against Iraq. Similarly, Britain would do its utmost to secure the release of western *hostages*, but would not give in to "threats and blackmail".

Her vehement condemnation of President Saddam Hussein, who *she accused of "flagrant* and blatant agression", "perfidy and deceit", was echoed by opposition leaders.

Mr Neil Kinnock, the Labour leader, *pledged that his party* would continue to give unequivocal support to international efforts to isolate Iraq and force it to leave Kuwait. *Mr Paddy* Ashdown, *the Lib*eral Democrat leader, said that there could be no compromise *on the terms of* the United Nations resolutions and added that the use of force might *eventuality have to considered* as an "ultimate option".

The debate revealed, however, considerable unease about the circumstances under *which* Britain might back the US in a direct military strike against Iraq.

Mrs Thatcher stressed repeatedly that the UN charter and the resolutions already passed by the Security Council provided the legal framework *for such action if sanctions* proved ineffective.

She refused to give any undertaking to seek the specific authority of the UN before any military action. *She* argued that such a move would undercut Britain's legitimate *rights, hand an advantage to* President Saddam and, possibly, put British forces at risk. "For these reasons I am not prepared to limit our legitimate freedom of action."

"Of course we prefer a peaceful solution," she added. "But *that must* involve Iraq's total and unconditional withdrawal from Kuwait and the restoration of the lawful government. *Let us not forget* that we are *dealing with a person who*, without warning, has gone into the territory of another state with tanks, guns and aircraft."

Her stance received the backing of the vast *majority* of Tory MPs, who argued that it while it was essential to maintain the international pressure on Iraq, it would be unwise to rule out in advance any options.

Mr Kinnock, however, stressed that while a pre-emptive attack on Iraq might be *justified* in *strictly* legal *terms* it could shatter the present international consensus which had isolated Mr Saddam.

The potential consequences *of taking action which did not* have complete and unarguable UN authority included: "further turmoil, terrorism, an increase in nationalism and fundamentalism, and the desta*bilising of strategic allies*."

That view was backed by Mr Ashdown and by Mr Edward Heath, the former Conservative Prime Minister. Mr Heath *said* that control of the crisis must remain in the hands of the UN unless the US, Britain and *their allies* were *forced* into an immediate military response by renewed Iraqi agression.

Mr Tony Benn, the former *Labour minister, spoke for* a small group of Labour MPs, who argued that the Britain risks being drawn by the US into a devastating full-scale war in *the Gulf. He feared that* Washington had already decided that when it was ready *it would create the pretext for* an attack.

Mr Benn is to force a vote at the end today of the two-day emergency debate, but Mr Kinnock *made it clear that the* vast majority of Labour MPs would vote with rather than against the Government.

Mrs Thatcher described the resolve of Britain and her partners to bring about Iraq's withdrawal from Kuwait as "absolute".

She said: "There can be no 'compromise' solutions which limit or diminish that objective, and attempts to devise them *only postpone* the moment when Iraq realises that there is no option but to withdraw."

Looking to the future – and *voicing objectives* later endorsed by Mr Kinnock and Mr Heath – Mrs *Thatcher* suggested that when a legitimate government had been restored in Kuwait arrangements would be needed to ensure the security of its territory and of other countries in the region.

"*This will need to involve* the United Nations,and it is not too early to plan for this situation now," she said.

British peers back unity on Iraq

By Ralph Atkins in London

THE House of Lords, also recalled to debate the Gulf crisis, showed the same gravity as the House *of* Commons – *and* the same anxiety to show unity and forcefulness in the face of Iraqi aggression.

The Earl of Caithness, a Foreign Office junior minister, *told a full* upper house that there should be "co-ordinated, *determined* pressure" on Iraq's President Saddam Hussein. "If the Iraqi action goes *unchecked*, none *of* us will be able to feel safe," he said.

Lord Callaghan of *Cardiff*, the former Labour prime minister, played down the consequences *that the* taking of a vote in the Commons might have on the impression of *national unity. He said the* opposition should be taken into the Government's confidence about any steps it planned to take against Iraq.

Economic sanctions were right at this stage – but were of limited value, Lord Callaghan said. Jordan, Algeria, Libya and Tunisia should be *used to persuade Mr Saddam* of Britain's determination. If sanctions *and politics did not* work, "he will have to yield to armed forces what he will not *yield to morality*."

Lord Pym, who was foreign secretary at the *time of the* Falklands war, regretted that force "almost invariably" had to be used *to* displace an *aggressor*. But he was convinced sanctions had a chance *of working because they could* bite on Iraq and the world was resolved to implement them.

Lord Cledwyn of Penrhos, leader of the opposition in the *House of Lords, said the UN's* determination to enforce the rule of law was essential.

Dr Robert Runcie, the Archbishop of Canterbury, said *Iraq's aggression against* Kuwait had to be vigorously resisted. "For the first time since its inception the UN acted as its founders intended. *That is a triumph for interna*tional order which should not be allowed to crumble."

Canadian flight lands in Turkey

Jim Bodgener in Ankara

A CANADIAN aircraft carrying 162 hostages, predominantly women and *children* arrived at Ankara's Esenboga airport yesterday. It was the first flight *of Western hostages* to arrive in Turkey.

The flight which orginated from Kuwait *also set down* in Baghdad picking up five more hostages. The passengers included 135 Canadians, 10 Irish citizens and 12 Americans. There were 61 children and 20 men holding dual passports. Four men with Canadian passports were prevented *from* boarding the flight. All but seven of the hostages were expected *to transfer onto* a Canadian aircraft from an Iraqi airways flight at Ankara's Esenboga *airport* last night.

"We think it is a great relief to have our *people* coming out," said the Canadian ambassador to Ankara, Mr *Paul La* Pointe. "But we're very worried for the men they left behind."

There were an estimated 400-600 Canadians working in Kuwait and Iraq before the start of the *Gulf* crisis.

The waiting DC-8 owned by Canada's Nation Air had been on *standby in Larnaca* in Cyprus before being moved to Esenboga over the weekend.

At that time it seemed possible that some Canadians might escape via the south-eastern Turkish *border gate* at Habur where around 2,000 Bangladeshis from the crush of around 10,000 in the Iraqi customs compound, had been expected to cross frontier at the Hezil river yesterday.

Around 1000 7-man tents were being pitched and food prepared by the Turkish Red Crescent in the compound of a *state hostel for haj pilgrims to* Mecca.

But on Monday, the Turkish *government made an exception* for the near-destitute Bangladeshis to its general rule that only those with assured consular *assistance, funds and* transport would be permitted across. The Bangladeshis *would rest in the compound* before being sent on in buses provided by the Turkish government down the ancient Silk Road to Adana, where the Bangladeshi government has *started an airlift* home.

Meanwhile, convoys of Pakistani cars started to come through Habur in substantial numbers again yesterday. The attitude of Iraqi officialdom has changed very much for the better, according to Pakistani embassy *officials on the* Turkish side of the border quoting the Pakistani ambassador in Baghdad, Mr Tareq Meer.

Meawhile, the state-owned Turk Hava Yollari (THY) said *it would assist with the airlift* between September 9 and 23, moving 3,000 people. After September 9, the airlift will be switched to the city of Diyarbakir.

Bush appeal fails to account for debts to UN

By Michael Littlejohns in New York

PRESIDENT George Bush's appeal to America's allies to share the financial burden of the Middle East military build-up has conveniently ignored the large sums still owed by the US for United Nations peacekeeping *operations* in the *region*. The US has also accumulated the biggest debt to the regular UN budget for day-to-day expenditures.

Notwithstanding promises by former President Ronald Reagan and Mr Bush to pay off arrears, the latest UN status of contributions report shows *that the US owes a total* of $522m for the budget this year, and for previous years when it failed to meet its obligations in *full. Among the assessments of* the 160 member governments, that of the 25 per cent contribution of the US is the largest.

The US is supposed to provide 25 per cent of the UN budget, more than any other of the 160 UN members.

Only 60 members have paid their full dues this year, including all the west Europeans many of which made their contributions ahead of time in order to ease the financial difficulties faced by the world body. Regular budget shortfalls amounted to $661m. This compares with a 1990 budget of $827m.

Peacekeeping accounts are kept separately. Both the US and the Soviet Union are heavily in debt to the UN *oper*ation in Lebanon – $132m and $119m respectively – and Washington still owes $24m of the $30m arrears for the UN transition *assistance* group which brought Namibia to independence from South Africa.

As members talk blithely of an estimated $3bn-$5bn bill for future UN involvement in Cambodia, not to mention possible peacekeeping commitments in the Gulf, Western Sahara and Central America, the Secretary General, Mr Javier Peres de Cuellar, has rung an alarm bell.

At a press conference in Geneva recently, he asked bluntly where the money *would come from. How could* the UN embark on such operations with inadequate *resources? An aide said later* that Mr Peres de Cuellar was *warning that he would insist* in future that member states contribute cash "up front" for *peacekeeping*.

The fabric of the UN headquarters, one of the world's most recognisable landmarks, shows the effects of years of neglect necessitated by budgetary constraints.

Near the Security Council *Chamber – where five critical* Gulf resolutions were approved in little more than three weeks – pails to collect water from leaky ceilings are a common sight after rainstorms.

When walls develop cracks from subsidence in the 40-storey UN edifice, they are often neither patched nor repainted.

Windows and glass doors that used to be washed regularly are grimy and fingermarked. Broken chairs and *tables in the delegates'* lounges await repair; lavatories often lack soap and toilet paper and water is wasted from taps with worn out washers.

Despite *all* the problems, morale at the UN appears to be higher than in past years, in part because *many feel* the organisation may at last be moving in the aftermath of the Cold War to the central role in international affairs that the authors of the Charter foresaw.

US army revives development of protective clothing

By David Rushby

US MARINES in the Gulf remain vulnerable to chemical and gas attack because a project to develop air-conditioned *protective clothing* was abandoned four years ago.

The project would have provided marines with individual micro-climates while wearing *the clothing. It* was abandoned when funding was withdrawn in 1986 – a *time* when the US did not perceive Third World countries as serious potential *aggressors*.

In 1983, engineers at the University of Washington were contracted by the US Army to build a small 100W engine to power *a compressor operating* an air-conditioner, all contained in a 20lb back-pack. Three engines, which used slightly more than one pint of *diesel fuel during* a 10-hour operating period, were supplied, one complete and two almost complete, before the project was shelved.

Using external combustion the engineers produced an engine that was 2.5 times more efficient than a comparable internal combustion *model. It was almost silent in* operation, vibration-free and had a *low infra-red signature*.

The US Army has recently revived the project and a grant *of $50,000 has been awarded to* Stirling Technology of Richland, Washington, which took over the work of the university unit. Mr Fred Allen of the *US Army Natick Research*, Development and Engineering Centre, Massachusetts, said it hoped to capitalise on the earlier work. He expects that a *second grant of $500,000* will be made to complete a pilot unit if the first phase is successful.

Of the original project, Professor Mark Holtzapple, who worked at Natick between 1983 and 1986, said engineers managed to overcome "extremely difficult technical obstacles. All the Army could see was that there were problems. They couldn't see how far we had come."

In addition to protecting soldiers on the battlefield, Prof Holtzapple said there was a logistical advantage in using the equipment. For each pound of fuel used for the engine a soldier requires 20lb less water in desert conditions.

US marines in the Gulf are having to drink 50lbs of water each day – almost five gal*lons – to avoid dehydration.*

Cambodian PM and Sihanouk agree to talks

By Claire Bolderson in Jakarta

TALKS on ending 11 years of war in Cambodia are poised to go ahead in Jakarta after a last-minute change of mind by Prince Sihanouk, leader of the resistance forces, and Prime Minister Hun Sen, who have both reversed their earlier positions and decided to attend.

Although Hun Sen's decision was announced within hours of Prince Sihanouk's, western observers believe it is likely that a US announcement on Wednesday that it is to hold its first direct talks with the Phnom Penh government also contributed to the Cambodian Premier's shift of position.

The prospect of being credited with greater legitimacy by Washington has offered him a stronger hand at the talks.

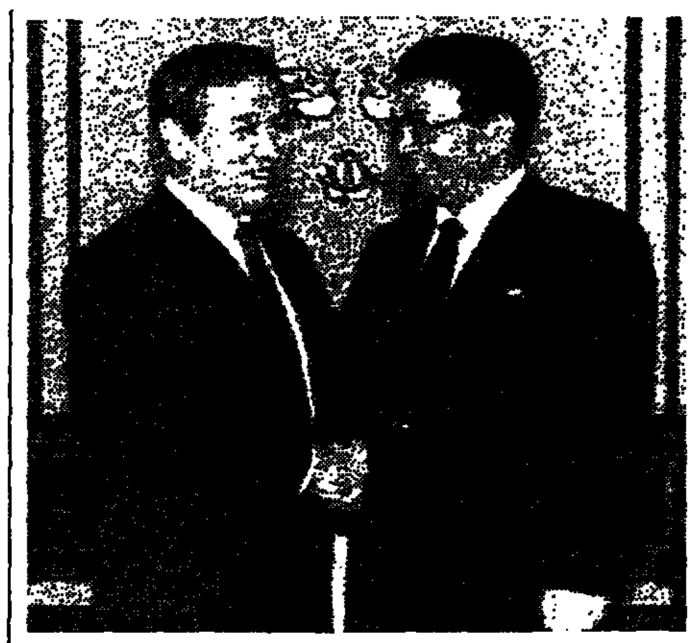
Prince Sihanouk is apparently going in response to a personal invitation from Indonesia President Suharto. But he has indicated that he will not participate directly in the talks, which are to bring together all three of the Cambodian resistance factions and the Phnom Penh government.

Prince Sihanouk has handed leadership of his Funcipec faction to his son Prince Ranariddh, who is in Jakarta.

Hun Sen had said earlier this week that he would attend the meeting only if Prince Sihanouk was present, but the Prince's change of mind appears to have deprived the Cambodian Prime Minister of that excuse and he is expected to arrive in Jakarta today. Also expected in the Indonesian capital is a French delegation which will co-chair the meeting with Mr Ali Alatas, the Indonesian Foreign Minister.

The main purpose of the meeting is to decide the composition and function of a Supreme National Council which would be Cambodia's sovereign body in the run-up to United Nations supervised elections and which would effectively replace Hun Sen's existing government.

Also under discussion will be the details of the documents agreed by the five permanent members of the UN Security Council in New York last week. After this accord, under which virtually all Cambodia's administration will be run by the UN, it had seemed that the Hun Sen government was to lose the most out of the four factions. The US move may have indicated to Phnom Penh that there are to be some compensations for going along with the plan.



Both sides claim first talks a success despite failure to narrow differences

Two Koreas agree to further meeting

By John Ridding in Seoul

THE highest-level talks ever held between North and South Korea ended yesterday with little progress on resolving differences but with an agreement to hold further negotiations next month in Pyongyang, the North Korean capital.

During the last working day of the Seoul meetings Mr Roh Tae Woo, the South Korean President, also called for an early summit meeting with President Kim Il Sung, ruler of North Korea since the peninsula was divided in 1945.

Despite failure to narrow differences on the issues of arms reduction, bilateral economic and personal exchanges and membership of the United Nations, both sides expressed satisfaction with the outcome of the prime ministerial level meeting.

● South Korea's President Roh Tae Woo (left) with Mr Yon Hyong Muk, prime minister of North Korea in Seoul

Mr Ahn Byong Soo, the North Korean spokesman, said: "The fact that we can hold such high level talks is itself a great success." Similar sentiments were expressed by South Korean officials who described the four day talks as an important step in improving North-South relations.

President Roh issued his call for an early summit during a private meeting with Mr Yon Hyong Muk, the North Korean Prime Minister.

"To solve effectively pending issues between the South and the North, the top leaders of both sides should meet as soon as possible and set the framework for mutual co-operation," Mr Roh said.

His meeting with Mr Yon was first time a South Korean leader has received an official representative of the communist North Korean government.

Mr Yon conveyed greetings from President Kim. He said the North Korean leader believed unification of the peninsula "should not come by means of war but by peace" and that "through meetings the base for unification can be brought about".

During negotiations earlier in the day, Mr Kang Young Hoon, the South Korean Prime Minister, pressed unsuccessfully for a joint agreement on an eight-point plan to improve bilateral relations. The failure reflected continued differences on several important issues and North Korea's reiteration of controversial demands.

The North Korean delegation demanded the release of three dissidents imprisoned in South Korea for travelling to the north and the end of annual military exercises with the US. The North Koreans also said that membership of the UN should be on the basis of shared seat or after reunification – positions rejected by the South as unrealistic.

Britain refuses to confirm progress on Beirut hostages

By Robert Mauthner, Diplomatic Correspondent

STRONG reports from Beirut that three British hostages held in Lebanon, including Mr Terry Waite, the Archbishop of Canterbury's special envoy, would be freed later this month, remained unconfirmed in London yesterday.

"We would obviously be delighted if these reports are true," a British Foreign Office official said. "But there have been many such reports in the past which have turned out to be unfounded."

Notwithstanding official caution, the reports of the early release of the hostages appeared to be unusually well-sourced. Reuters news agency quoted "a senior Moslem official" in Beirut as saying that, "if all goes well, Mr John McCarthy, Mr Jack Mann and Mr Terry Waite will be released in September."

The report was also confirmed by a senior pro-Iranian source in Beirut. The Moslem official said that high-level contacts between the British and Iranian governments, which were being conducted outside Lebanon, had reached their "final stages". The release of the hostages would be the result of these talks. The British government has refused to confirm the existence of such secret negotiations.

The pro-Iranian spokesman said that one British hostage would be freed in a first step, to be followed by the other two after London had returned "the goodwill gesture." Pro-Iranian extremist groups in Lebanon are currently holding 12 westerners, including six Americans, two West Germans and one Italian. Mr Brian Keenan, an Irish hostage who also held a British passport, was freed last month.

Protests mount against Indian job reservation

By K.K. Sharma in New Delhi

THERE WAS violence in many Indian states yesterday with students and others agitating against the government's decision to reserve jobs for deprived sections of the population trying to close shops and halt traffic.

In Delhi, more than 70 people were injured as agitators and police fought near the university and other parts of the capital when students attacked buses in an attempt to stop people from going to work.

The agitators were trying to disrupt the capital as part of the movement that forced the local administrations last week to close schools for a month. A rally by students and farmers is planned in New Delhi today.

The "close Delhi" movement yesterday was partly successful and most shops in the capital and business centres remained closed for the day although nearly all offices functioned normally.

Similar moves to block traffic and train movement were made in several other towns, including Chandigarh, the common capital of Punjab and Haryana states, as well as towns in Bihar in the east, Uttar Pradesh and Haryana in the north and Andhra in the south.

The government led by Mr V.P. Singh is determined to go ahead with its decision to reserve 27 per cent of government jobs for so-called backward castes. Several state governments are opposed.

The allocation, which is in addition to the 22.5 per cent which under the Indian Constitution is already reserved reserved for the "scheduled castes" of untouchables, is limited to jobs in central government offices and public sector undertakings.

The Prime Minister suffered a setback yesterday when the government of the northern state of Himachal rejected the Mandal Commission's report on which his decision to reserve the jobs was based.

Pakistan election scheduled

PAKISTAN'S Election Commission yesterday spelt out the schedule for national parliamentary elections in October that follow the dismissal last month of Prime Minister Benazir Bhutto and her government, Reuter reports from Islamabad.

The ability of election candidates to stand can be challenged by any voter. Previously only other candidates could object, but a special ordinance issued by President Ghulam Ishaq Khan after the sacking opened the process.

Nominations begin today, as legal procedures continue aimed at having senior figures in Ms Bhutto's government disqualified from public office on charges of corruption or abuse of power.

Three former ministers were charged this week before special courts, and more are expected to follow.

Australian Government to sell stake in airlines

AUSTRALIA'S Labor government has decided to sell at least 49 per cent of Qantas, its international airline, and Australian Airlines, the state-owned domestic carrier, according to Mr Bob Hawke, the Prime Minister, Reuter reports from Canberra.

He told reporters the government would also expose Telecom Australia, the domestic telephone utility, to competition.

"The government has agreed to sell an equity stake in Australian Airlines and Qantas," Mr Hawke said, adding that at least 49 per cent of each airline would be sold.

Speaking after a cabinet meeting, he said final details of the sell-off of state assets would be decided before a special meeting of the Labor Party on September 24.

The party, under its constitution, has to agree formally to fundamental changes in party doctrine, which in the past has opposed privatisation.

Mr Bill Dix, the Qantas chairman, said earlier yesterday that if the government agreed to a partial Qantas sell-off, he expected stakes to be bought by Japan Air Lines, Lufthansa, British Airways and American Airlines.

The cabinet had before it plans to sell all of Australian Airlines, 49 per cent of Qantas, and merge Telecom with OTC, the country's international phone carrier.

The plan was for the state's debt-ridden Aussat satellite company to be sold to form the basis of competition to a merged Telecom/OTC. Mr Hawke would confirm only that Aussat would be sold. He said there would need to be further discussions within the government, the party and with the Australian Council of Trade Unions before a final decision was made on all issues.

There was resistance within the cabinet to the total sale of Australian Airlines, which will have some restrictions on foreign ownership placed on it, according to party members.

Mr Hawke expected the issue of Telecom, which will stay in government control, to be decided next week and that the airline issue would be decided nearer to September 24.

The overall issue has split the party, with left-wingers preferring only limited privatisation.

Philippine base talks to resume

By Greg Hutchinson at Clark Air Base, Philippines

FIVE-DAY talks on the continued US military presence in the Philippines are due to resume in Manila on September 17. The Philippines has issued a notice terminating the lease of the US facilities, from September next year.

Under the Philippine constitution, any extension would need to take the form of a treaty ratified by two-thirds of the Senate. About half the senators say they are opposed to the US bases.

The US occupies two large bases – Subic naval facility and Clark Air Base – and four smaller ones. Clark is about 50 miles north of the capital.

Demands grow for free Ivory Coast elections

By Julian Ozanne in Abidjan

SOLDIERS and riot police used teargas and batons to disperse protesters yesterday as several hundred people demonstrated in central Abidjan for free elections after 30 years of one-party rule in the Ivory Coast.

The demonstration, the second in a week to be broken up by security forces in the West African country, marks a mood of confidence among the flourishing political opposition that the "old man", as President Felix Houphouet-Boigny is known, has lost his iron grip and that his regime, beset with economic problems, is approaching its twilight days.

Throughout the morning near the government's administrative building and city hall, soldiers armed with semi-automatic weapons threw teargas canisters into the crowds. Demonstrators flashing the two-fingered democratic salute ran through the streets chased by groups of riot police in helmets and bullet-proof vests.

The demonstration was called in an attempt to force the government to respond to demands for a national conference of all political groups to decide rules for the presidential, parliamentary and municipal elections due to take place over the next four months.

Its timing was designed to give maximum political embarrassment to the government before a visit by Pope John Paul which starts Sunday.

Economic malaise – caused by tumbling world cocoa and coffee prices, an unserviceable external debt of $15bn, and excessive government expenditure – has unleashed a wave of protests this year.

In the face of pressure within the country from striking workers and students, and externally from France and donor countries, the president reluctantly agreed in April to legalise opposition political parties.

But opposition groups claim that elections organised by the government would be fraudulent. They are threatening to make the country ungovernable through a campaign of civil disobedience unless the President responds positively to their call for free elections.

A dustbin lid for a shield, a gang member prepares to throw a petrol bomb at police as further clashes in Soweto, South Africa's biggest black township, left four dead. President F.W. de Klerk said, meanwhile, he would give "favourable consideration" to a Dutch government invitation to make an official visit, the first by a South African leader in about 40 years.

Top officers to be retired in Nigeria

By William Keeling in Lagos

PRESIDENT Ibrahim Babangida has begun a restructuring of the Nigerian armed forces, retiring 22 senior air force officers with parallel action expected in the army and navy. The moves follow a government reshuffle in which nine ministers were replaced.

An overhaul of the armed forces was expected following a failed coup attempt in April. Mr Babangida has criticised the military for having "dramatically failed" in their task of safeguarding the nation.

He said that a restructuring "must include a drastic reduction in the personnel of the armed forces". Their exact size is unclear with estimates ranging from 100,000 to as many as 250,000.

The air force officers retired were all air vice marshals and air commodores, ranks equivalent to two and one star generals in the army. They include the officers commanding Nigeria's four main air force units as well as three current government ministers (who retain their portfolios) and two former government ministers.

The retirements are in keeping with Mr Babangida's intention to demilitarise his government and de-politicise the armed forces.

Multi-party rally planned for Lusaka

The largest political gathering since Zambia's independence in 1964 is expected to take place tomorrow at a rally in Lusaka organised by the Movement for Multi-party Democracy, Mike Hall reports from Lusaka.

Since it was formed in July the movement has demonstrated a large following. Thousands have turned out to rallies throughout the country as more prominent Zambians have declared their support for a multi-party system.

Young Japanese unwilling to be soldiers

Self Defence Forces are trying to revamp their image. Michiyo Nakamoto reports

THIS summer the accompanying, curious poster appeared on public bulletin boards throughout Japan. A young couple in matching, Chinese-style black pyjamas and similarly trendy black slippers smile pleasantly as they stand side by side, their hands almost, but not quite, touching. The young man is raising the other hand to his ruffled hair in what looks very much like a sleepy salute.

The composition suggests that this may be an advert for a wedding hall, or perhaps even a campaign against AIDS. But the caption on the side in bold red characters asks, "Can you take peace for granted?" revealing that this is in fact a recruiting advert.

Japan's Self Defence Forces (SDF) are trying desperately to revamp their image and encourage more young Japanese to enlist. In an age of diminishing military prestige and with companies of all sizes and nationalities competing frantically for graduates in the booming Japanese economy, the SDF are facing a losing battle for the best and the brightest of the nation's youth.

The Gulf crisis, which has sparked calls for a military contribution from Japan, could deal the SDF a serious blow as it embarks on an effort to soften its image and attract new recruits. The number of applicants to the SDF, the military arm of the Japan Defence Agency (JDA), has been falling steadily over the years.

"The recruitment of male private second class personnel... has become more difficult every year," the JDA reports in its booklet Defence of Japan 1989. Campaigning through its 50 liaison offices across the country, the SDF have just about been able to meet their recruitment target of about 26,000 a year.

"Values have changed," laments Maj Yasuo Muraoka, a public affairs officer for the Japan Air Self Defence Force. Few of affluent Japan's pampered youth are attracted to the images of strenuous physical training and rigid rules that the military conjures up in most minds. Young people know that there are easier jobs elsewhere.

Even those who do sign up tend to have a casual attitude to enlisting. Many hardly see their decision as a lifelong commitment. The SDF are suffering from a phenomenon that is causing headaches in civilian society as well - the coming of age of the *shinjinrui*, the new generation of young Japanese who have puzzled their elders by their lack of a sense of duty or commitment to any organisation.

"The new generation is dispassionate," says Maj Muraoka. "It's not that they don't work, but they pay more attention to their own feelings." And if their feelings tell them that they don't fit into the military they are likely to quit. The number of dropouts has increased, says Maj Muraoka, just as the number of initial applicants has fallen.

Many join to obtain specific skills that they may use in civilian jobs. "It's almost as if they were taking on a part-time job," exclaims Maj Muraoka.

Take the case of Mr Masaaki Hirai, a young trainee at the Air Self Defence Force's Kumagaya air base. Mr Hirai joined the Air Force when he failed to enter the pilot training college after graduating from high school in south-eastern Japan. "I would like to become a pilot, but I'm not restricting myself to flying fighter jets," he says quite frankly.

In a country that has renounced all offensive military activity, the SDF are not necessarily associated with images of combat but is seen as a place where people go to work because they have few other choices.

The young recruits themselves do not appear to have high expectations of the defence forces either. In an age of nuclear weapons, a military that has such limited capacity can only be "like a tranquilliser for the people," as one young trainee at Kumagaya put it. Mr Katsuharu Suzuki, who joined the SDF after failing his university entrance exam, says openly: "If we are attacked, I don't think we will last."

Military officials accept that their young recruits are hardly concerned about their role in defending the country. "Even after training, our recruits do not develop the concept of nation that is seen, for example, in the UK," says Lt Col Koichi Nakamura, director of general affairs at Kumagaya.

The more pressing concern for them is how to encourage the young recruits to stay in the military once they have joined. Discipline in the home is fading in Japan and the rules and regulations of military life seem harsh to many of the young recruits. For many of the new trainees, it will be the first time they are required to look after their own belongings or even to greet someone properly.

Moral support from their instructors and a strong feeling of belonging to a tightly knit group go a long way in helping the young recruits adjust to their new lifestyle. Nevertheless, the SDF have suffered their share of defections. "The number of trainees who quit has risen," says Maj Muraoka, "and their attitude to quitting is more casual."

So far, the JDA has not felt the need to demand payment for the education of staff who leave after training. "The large number of pilots who quit after millions have been spent on their training has been a problem, but with the exception of medical students, trainees are not required to pay for their education," says a JDA official.

For the time being, attracting more applicants to begin with, seems to be the first priority. Along with the softer, more inviting look of this summer's campaign poster, the SDF have adopted a lighter logo in fancy script.

The JDA has also taken the unusual step of agreeing to co-operate in the production of a commercial film to be released in cinemas this winter. Appropriately, or perhaps wishfully, the film is entitled Best Guy.

Soviet President Mikhail Gorbachev will visit Japan in April in an effort to smooth relations strained by a territorial dispute dating from the end of the Second World War, AP reports from Tokyo. Mr Eduard Shevardnadze, Soviet Foreign Minister, and Mr Taro Nakayama, his Japanese counterpart, discussed the issue of the Kurile Islands during two days of talks, but the gap between the two countries remained wide, a Foreign Ministry official said. But after more talks yesterday, they signed agreements for Mr Gorbachev's visit. The two countries have yet to sign a peace treaty after the war.

The cricket pitch at Shipley, Yorkshire, as seen from the 06.50 Pullman Bradford to London.

With our steward at your other shoulder, has England ever looked finer? On your Pullman, you will get white china on white linen, silver service and the green grass of England. Could there be a more splendid way to get the grey matter working?

FIRST CLASS PULLMAN INTERCITY

Treuhand to rule this month on fate of 300 companies

By **David Goodhart** in Bonn

THE FIRST 300 of East Germany's companies to be liquidated will be named later this month, according to Mr Wolf Schöde, an official of the Treuhand body which owns most of East German industry.

Among the first candidates for liquidation, according to a report in the magazine Wirtschafts Woche, will be the giant chemical concerns Leuna and Buna, the whole of the potash and copper industries, the camera-maker Pentacon and the Microelectronics Kombinat in Erfurt.

Mr Detlev Rohwedder, the new chief executive of the Treuhand, has said that at least 1,000 of the 8,000 larger companies under Treuhand control will have to be liquidated.

To promote the survival of companies, the East German Volkskammer (parliament) agreed on Wednesday that the corporate sector's old debts – which together mount to DM106bn (£35bn) – should be waived in cases where they are a hindrance to takeover or renewal. The Bonn Finance Ministry has hitherto rejected a widespread debt forgiveness but is under increasing pressure to change its mind.

By the end of September, East German companies will have received another DM29bn in new credits, backed by the Treuhand. But, according to Mr Schöde, the investment climate in East Germany is gradually improving and interest in buying companies from the Treuhand is increasing. "We are in concrete talks with 100 investors and contracts worth several billion D-Marks are in the pipeline," he said.

No accord on cost of troop withdrawal

By **David Goodhart** in Bonn

WEST GERMANY and the Soviet Union failed yesterday to agree the financial terms of a treaty regulating the withdrawal of 380,000 Soviet troops from East Germany. The issue will now be referred to Chancellor Helmut Kohl and President Mikhail Gorbachev and could conceivably delay the winding-up of the "2 plus 4" talks scheduled for September 12.

The Soviet Union is requesting more than DM10bn (£3.3bn) for the continuing cost of stationing troops in East Germany, withdrawing them over the next four years, and constructing 4m square metres of new housing space for them in the Soviet Union.

An eight-point outline treaty on the troop withdrawal was agreed early yesterday between Mr Theo Waigel, the Bonn Finance Minister, and Mr Stepan Sitaryan, the Soviet Deputy President, in which Bonn agreed in principle to pay money into a joint fund to finance the withdrawal.

Bonn, however, did not accept Soviet proposals on how much money should be placed in the fund and rejected the Soviet demand that Bonn should pay for half of the planned new housing. Also unresolved was the question of Soviet debts of DM10bn with East Germany.

Western diplomats believe that the Soviet Union is trying to take advantage of the tight deadline in concluding the "2 plus 4" talks to squeeze as much money as possible out of the Germans.

Moscow may also demand a ransom, according to diplomats, for dropping its objection to signing away four-power rights until the "2 plus 4" document is ratified by the all-German parliament to be elected on December 2. The Germans and the western allies want German unity and German sovereignty to be resolved together on October 3 and are opposed to the Soviet demand for a temporary extension of four-power rights until the all-German parliament meets.

● It is increasingly likely that President George Bush and Mr Gorbachev will attend the unity celebrations on October 3, if the crises in the Gulf and the Soviet Union allow. President François Mitterrand of France and Mrs Margaret Thatcher, the British Prime Minister, are also expected to attend.

Soviet President to be invited to visit Nato

NATO plans to invite President Mikhail Gorbachev to its headquarters in December, but France is blocking two other western initiatives designed to put a formal end to the Cold War, Reuter reports from Brussels.

It is understood that Mr Gorbachev is to be asked to attend a scheduled meeting of Nato foreign ministers on December 17 and 18, and the gathering will almost certainly be turned into a summit of alliance leaders.

"The Soviets will be sounded out informally first and then it will be official," said an official who asked not to be identified. "We reached agreement at a meeting yesterday."

Foreign ministers from the Warsaw Pact, Nato's erstwhile foe, have visited the Western alliance headquarters, but Mr Gorbachev's presence would set the seal on a new era of east-west relations.

At its London summit two months ago, Nato proposed a joint declaration of peace between its 16 members and the seven members of the Warsaw Pact and allowing Soviet and eastern European diplomats to have contacts with the Brussels headquarters. But the French have insisted all 35 members of the Conference on Security and Cooperation in Europe should be party to the declaration. They also insist only one diplomat from each Warsaw Pact country be allowed access to Nato.

All other Nato members agreed the joint declaration should be limited initially to Nato and the Warsaw Pact and that each eastern European country could have three or four diplomats liaising with Nato.

A meeting of Nato ambassadors on Wednesday failed to resolve the issue and brought angry calls from Britain and the Netherlands for the French to back down.

Polish union's leaders fall out over the Solidarity symbol

SOLIDARITY'S distinctive red logo, which flashed across world television networks in 1980 and guided eastern Europe's first independent trade union to power, was yesterday at the centre of a bitter dispute between the Polish movement's founders, writes Christopher Bobinski in Warsaw.

By a narrow majority, Solidarity's national leadership voted to deprive Gazeta Wyborcza, once the movement's leading newspaper, of the right to use the Solidarity symbol.

The vote is now certain to deepen the rift between Mr Lech Walesa, the movement's leader, and Mr Adam Michnik, the newspaper's editor. Mr Michnik, a sharp critic of Mr Walesa's political ambitions, is one of the founders of ROAD, a Solidarity splinter group which was set up in July to counter Mr Walesa's bid for the state presidency.

More significantly, the vote now formalises the political split which is likely to run right through the Solidarity movement, from the parliamentary group and local civic election committees, to the heart of the 2m-strong union.

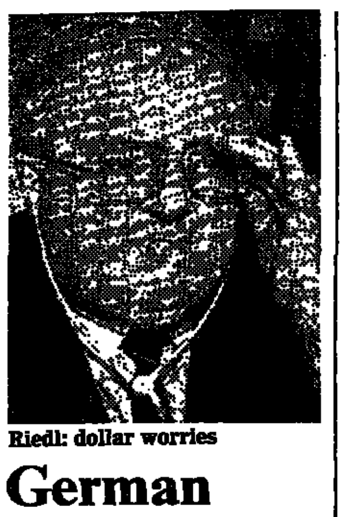
The motion, which won the support of 26 delegates, stated that Gazeta Wyborcza "published biased articles which aimed at discrediting and ridiculing chairman Walesa" and that it did not serve the interests of the Solidarity union.

There were 21 votes against and 12 abstentions. Ms Barbara Malak, the union's spokesperson, resigned in protest at the decision.

Gazeta Wyborcza, *which has* a print run of 350,000, was set up as a mouthpiece for the Solidarity opposition in the run-up to last June's elections which led to the fall of the Communist government.

Yesterday the paper appeared for the first time without the Solidarity logo on its masthead, saying in an editorial: "We are not convinced the national committee has the exclusive right to our common symbol. But the respect in which we hold the union and its leadership means that we will not argue the case."

The paper says it is committed to "telling the truth ... this is how we interpret our fidelity to Solidarity's ideals."


Riedl: dollar worries

German concern on Airbus

By **Paul Betts,** Aerospace Correspondent

FURTHER falls in the value of the US dollar would put Airbus production at risk, Mr Erich Riedl, the West German state secretary in charge of aerospace, warned yesterday.

Speaking after a meeting of aerospace ministers from the four nations involved in the Airbus consortium, he said it was urgent for the Airbus supervisory board and the four partners – France, Britain, Germany and Spain – to examine all aspects of the dollar exchange problems facing the programme.

West Germany has proposed that Airbus aircraft be priced in Ecus, the basket of European currencies, as a possible solution to the problem. Its Airbus partners have expressed doubts on the Ecu plan and Mr Riedl conceded yesterday that it was not "the perfect answer". But all avenues should be examined.

"Why should Air France buy Airbus aircraft in dollars and not in francs?" he asked, adding that Lufthansa could buy them in D-Marks and British Airways in sterling.

Mr Riedl's comments reflect the growing concerns of the European aerospace industry over the low dollar. Mr Jean Pierson, the Airbus chairman, and Mr Henri Martre, the chairman of Aérospatiale, the French state-owned aerospace group, both attacked the US exchange rate policy at the Farnborough Air Show earlier this week, arguing the low dollar was distorting trade.

The dollar exchange rate has intensified the long-running transatlantic controversy over government support for the industry. However, European aerospace ministers claimed progress had been made and said they wanted the dispute resolved soon.

The US continues to object especially to West German state support for Airbus. Bonn argues this is necessary to enable the transfer of Deutsche Airbus to the private sector as the US earlier demanded. Mr Riedl also said yesterday that the US industry continues to receive heavy indirect support from its government.

Mr Peter Lilley, the UK Trade Minister, said the four governments had asked the supervisory board to pursue the review of the Airbus structures and management to make them more efficient.

Huge investment in agriculture fails to put bread in Soviet Union's food stores

By **Anthony Robinson** in Moscow

"OUR FARMS need tractors *like this" said a front-page* Pravda headline this week over a photograph of two engineers putting the finishing touches to a scale model of the perfect Soviet tractor.

The implication was that, with more investment in better machines, the decades-long Soviet agricultural crisis could be solved.

But this year, when record grain and other crops are coinciding with empty bread shops for the first time in living memory, the problem is not how to increase output but how to make sure it reaches the consumer before rotting in the fields or in the distribution system.

For decades successive Soviet leaders have thrown billions of roubles at the state and collective farms created by Stalin. Every year the food sector absorbs 17 per cent of total Soviet investment with pathetically little to show for it.

Output has certainly increased. Grain production over the second half of the eighties was 15 per cent higher than in the first half and meat output rose 19 per cent, according to Ms Karen Brooks, a leading US expert on Soviet agriculture.

But little was done to curb wastage on a grand scale, demand rose much faster than supply and the transport and distribution system remained primitive.

As a result, artificially low prices (food subsidies soared 170 per cent over this period) coupled with higher monetary incomes, led to longer queues and greater consumer dissatisfaction.

This week, as the outlines of plans for the private-enterprise economy of the future appeared in Izvestia, the food crisis took on its deepest and potentially most dangerous *form: a bread shortage.*

Three months ago the Government's plan to triple the price of bread and other basic foods as part of the ill-fated reform programme put forward by Mr Nikolai Ryzhkov, the Prime minister, was torpedoed in the Supreme Soviet.

An angry delegate from Tadzhikstan summed up the views of many when he cried out: "Bread is socialism". As a result bread is still cheap, but it is no longer abundant.

Yesterday, as queues snaked through the state-run "gastronom" food shops on Gorky Street, the heart of the Soviet capital, old women protested in disbelieving, scandalised tones the demise of the old informal social contract: obedience in return for cheap bread and subsidised necessities.

Such poverty in the midst of harvest plenty is further proof of the disintegration of the *command economy. This is* reflected in the refusal of collective farmers to sell their grain to the state procurement agency, despite a virtual doubling in the state price.

Last year state purchases were 27m tonnes below the 86m tonne target and this year farmers are even more reluctant to supply the state, despite an expected record harvest of 230m-240m tonnes.

With nothing to buy in local shops for any currency, farmers have not even been tempted by the offer of partial dollar payment to part with their crops.

They prefer to keep it and feed it to their livestock, leaving the state to turn once again to imports to fill the gap and feed the cities. Despite the good harvest the state could still have to import around 30m tonnes of grain again this year, US experts believe.

Gorbachev tries to quell trouble in ranks

By **Quentin Peel** in Moscow

PRESIDENT Mikhail Gorbachev has ordered the Soviet Ministry of Defence to provide compulsory medical and life insurance for soldiers and recruits killed or injured in accidents and civil disturbances.

The move is designed to head off growing discontent, *both within army ranks and in* the Soviet public at large, over bullying and sloppy discipline in military ranks, and at the use of regular troops to police race riots.

Soldiers' mothers demonstrated in Red Square in July, claiming that 15,000 recruits had died in the army since 1985 – more than had been killed in the 10 years of the Afghan war.

The backlash against con*scription, and against the* use of untrained troops in civil disturbances, has infected not only outlying republics like the Baltics and the Trans-Caucasus, but also the Russian heartland of the country.

The decree by Mr Gorbachev, which was published yesterday, orders the Government to provide compulsory life insurance, financed by the ministries of Defence, the Interior and Transport, as well as the KGB, *for all servicemen* and reservists called up for training.

It orders the Health Ministry to guarantee emergency medical assistance to servicemen "injured in exercises, redeployment, (and) fulfilment of special duties."

The decree amounts to a belated admission by the Soviet authorities of the sorry state of discipline in the military, with widespread tales of *racial discrimination,* bullying, gang warfare, and chronic disregard for safety regulations in soldiers' training.

Poles will be given large share of state industries

By **Christopher Bobinski** in Warsaw

THE POLISH authorities plan to give away a major share of state-owned industry to their own citizens in an attempt to speed up privatisation in the light of meagre domestic capital resources and qualms about foreign domination of the economy.

This follows lengthy internal government discussions on how to transfer ownership away from the state.

The details are expected to be unveiled by Mr Leszek Balcerowicz, the Finance Minister, at a meeting this weekend in the Krosno glassworks in south-east Poland.

The Krosno works, which employs 6,500, will be one of over 40 companies due to be offered for a straight sale over the next 15 months. It will be privatised by Schroders, the UK investment bank, after a valuation by accountants *Moore Stephens* financed by British government aid funds.

However, in its privatisation programme, the state also intends to introduce a system of share vouchers. These will be issued free to the population as a means of disposing of up to 30 per cent of the value of a further 100 enterprises, while the state will, at least initially, retain a 40 per cent share. The ways in which vouchers can be turned into paper are still being worked out.

The remaining shares will be sold at a discount to employees as well as sold, or allocated, to domestic institutional investors.

In addition, other factories are to be "commercialised", with the state retaining full ownership but calling in banks, investment and insurance funds to manage them.

Officials hope this method will get around controversial and time-consuming valuation procedures. At the same time, it would free company management from interference by the government and workers' self-management councils.

According to government sources the three methods, sale, distribution and transfer of management, could account for 50 per cent of total industrial output by the end of next year.

Privatisation legislation passed in July requires the Government to present its programme to parliament by the end of this month. Foreign investors may purchase up to 10 per cent of the shares in any company.

Greek premier acts to reform state pensions

By **Kerin Hope** in Athens

THE GREEK Prime Minister, Mr Constantine Mitsotakis, yesterday proposed gradual reforms of the debt-burdened state pension system, saying the problem had reached "tragic dimensions."

The reforms, to be included in a new law under preparation, will raise the pensionable age for men to 55 and for women to 53.

At present, most public sector workers receive a pension after 25 years of service, but women are eligible after only 15 years.

From 1998, the retirement age for men will be 60 and for women 58, according to the proposals, which were drawn up after lengthy consultations with trade union officials.

Mr Mitsotakis warned that the combination of an ageing population and soaring deficits at the three main state pension funds threatened the Greek welfare system with collapse.

This year's budget will cover a health and pension deficit of Dr981 trillion (£3.1bn) or 9.3 per cent of gross national product. The three pension fund deficits will total Dr579bn for 1990, the Prime Minister said.

The Social Welfare Foundation (IKA), which insures most of Greece's 3.8m workforce and offers basic health services free of charge, will run up a Dr366bn deficit this year.

The farmers' non-contributory pension fund, OGA, and the seamen's pension fund, NAT, which ran into difficulties during a prolonged shipping crisis in the 1980s, account for the remainder.

Widespread abuse of disability schemes and tax-free pensions which often exceed the employee's last net salary have added to the deficits, according to Economy Ministry officials.

The new measures call for a small increase in pension contributions for both workers and employers.

In addition, pension payments for civil servants and prescription charges at IKA clinics are being introduced. The maximum individual pension will be restricted to Dr280,000 a month – still more than double the average Greek salary.

The government also plans to encourage better manage*ment of pension funds' assets* by setting up a mutual fund to invest proceeds from development of the pension funds' extensive property holdings.

Oil price problems swept aside by Delors

By **David Buchan** in Brussels

THE European Community should press on with plans for monetary union, despite the fact that higher oil prices will exacerbate economic divergences between member states, Mr Jacques Delors, the European Commission president, said yesterday.

Speaking before a key EC finance ministers this weekend, Mr Delors said that the Twelve were now effectively ready to start monetary union negotiations.

"Those who argue that more preparatory work must be carried out are half-hearted," he said, taking a tilt as much at Mr Karl Otto Pöhl, the Bundesbank president, who *this* week urged caution, as at the British Government which has been fighting to delay the whole monetary union project.

Monetary union at the European level would not produce the same shock as it had between the two Germanys, he said, because it involved "a gradual movement" to a single currency for the 12 states.

The spectre of a two-tier European monetary union, raised particularly by Mr Pöhl this summer, was false, Mr Delors said. Commission proposals for economic and monetary union provided the means for states to adjust at differing speeds, he claimed.

Mr Delors, a French Socialist, was addressing an EMU conference organised by fellow Socialists in the European Parliament. He took a direct swipe at the majority in his audience by telling them that their desire for EMU to be accompanied by further large transfers of resources from richer to poorer EC states was "a horse with no legs".

Greece, Ireland and Portugal already drew EC money amounting to 5.1, 5.9 and 2.3 per cent of their gross national products, and trying to increase such transfers would wreck EMU, he warned.

Mr Jean-Pierre Cot, leader of the Socialists, who form the largest single bloc in the European Parliament, had earlier argued that the Gulf crisis had reinforced the need for more money transfers between prosperous and backward areas of the Community.

This regional issue has already sparked a row inside the Commission, with Mr Bruce Millan, the British Socialist in charge of EC structural aid funds, Ms Vasso Papandreou from Greece and Mr Ray MacSharry from Ireland siding with Socialist MEPs' views.

Correction ICL

An inadvertent transposition of sentences in yesterday's story on the European chip *industry wrongly attributed to* ICL the view of the European Commission that it was intolerable for the Community to be importing a large amount of scientific know-how.

Top ranking Spanish Socialists declare war on el Guerrismo

Senior cabinet ministers have had enough of Alfonso Guerra's stranglehold on the party, writes **Peter Bruce**

THE POLITICAL equivalent of open war has broken out over control of Spain's ruling Socialist Workers Party (PSOE), threatening to divert Prime Minister Felipe Gonzalez from the huge task of mitigating the economic effects of the Gulf crisis.

This war has been brewing for a long time and only Mr Gonzalez' skills as a peacemaker have so far prevented it. When Mr Miguel Boyer, the conservative Finance Minister, resigned in 1985 after failing to become joint deputy Prime Minister, the wound was quickly healed. Both his resignation and the current infighting, however, boil down to one man – deputy Prime Minister Alfonso Guerra – and the enormous power he wields in the party.

Mr Guerra, 50, is Mr Gonzalez' oldest and closest political associate. The son of poor Andalucian parents who had 11 children, he is a self-taught and sometimes rough-edged neo-Marxist intellectual and has proved, since the death of General Franco in 1975, to be easily the most accomplished political organiser in the country. A strict party disciplinarian, he has been given almost complete control over the PSOE by Mr Gonzalez.

Mr Guerra has scored some important successes since foiling Mr Boyer, most recently replacing the premier of Andalucia with someone more to his liking. But ideology plays almost no role at all in Spanish politics now and *el Guerrismo*, as his strain of politics has been dubbed, involves little more than trying to place people he trusts into positions over which he has control.

Now, for the first time, senior cabinet ministers are speaking out openly against him. Mr Joaquin Leguina, Socialist leader of the Madrid regional government, has dared to attack the lack of intra-party debate, which Mr Guerra is accused of stifling. In response, a Socialist apparatchik sympathetic to Mr Guerra has suddenly popped up to challenge him for the party leadership in Madrid.

At a reception given by Mr Leguina this week, three highly regarded ministers, of Education, Transport, and Public Administration, turned up, along with a member of the PSOE central committee, the Treasury secretary and the president of the Official Credit Institute. Two years ago these men would have been putting their jobs on the line.

"The press will ask us whether we are here to support Joaquin Leguina," said Mr Jose Borrell, the Treasury secretary, at the gathering, "and we are."

The ministers have had enough of Mr Guerra's stranglehold on the top echelons of the party, whose officials wilfully contradict government policy they see as too conservative. The party economics spokesman, for instance, has insisted that Spain's nuclear moratorium will not be lifted when the Government publishes a new energy plan later this year even though the minister involved, who leans towards a partial lifting, has not yet made a decision.


Man in the middle: Alfonso Guerra (centre) listens as Prime Minister Felipe Gonzalez and Foreign Minister Francisco Ordonez confer

Just before the August holiday, Mr Carlos Solchaga, the Finance Minister, fired the first shot by calling for more ministers to be elected to the party's central committee. His views were echoed shortly afterwards by the elegant figure of Mr Jorge Semprun, a former Communist and scriptwriter whom Mr Gonzalez made Minister of Culture in 1988.

Mr Gonzalez, who is trying to stand back and let the "debate" run its course, knows that he has a full scale rebellion on his hands and that he will eventually have to become involved, perhaps at the party congress in November.

The big winner, should the Prime Minister limit Mr Guerra's powers, will be Mr Solchaga, whose conservative economic policies have irritated the party. Now, with the Gulf conflict threatening to destroy years of hard work in bringing down inflation, Mr Solchaga will be needed more than ever. According to the central bank, Spain's faces gross domestic product will grow by of just 2.5 per cent next year and the current account deficit will reach worth up to 5 per cent of GDP (from less than the forecast 3 per cent).

Mr Guerra has already been badly embarrassed this year by an influence-peddling scandal surrounding first one brother and then another, who are alleged to have used their fraternal relationship to enrich themselves. Although Mr Guerra has been able to choose his friends, and is stuck with his family, the scandal and his political style have become blurred in the Spanish media. He has acted correctly, allowing judicial proceedings to unfold, but with new allegations surfacing daily he is under great emotional and political pressure.

Mr Gonzalez' problem is that Mr Guerra's disciplined approach to elections has been the key factor behind the Socialists' three poll successes since 1982. It seems almost inconceivable too, given their friendship, that *Mr Gonzalez would ask him* to step down. But this is one rift that cannot be neatly, or credibly, papered over.

Blast shuts bourse in Madrid

By **Peter Bruce** and **Tom Burns** in Madrid

SMALL HOMEMADE bombs exploded yesterday within minutes of each other just inside the entrance of the Mad*rid stock exchange,* and at lavatories in the Economy Ministry and the Constitutional Court. Six people were slightly injured in the stock exchange blast.

Police said Grapo, an extreme left-wing organisation, had telephoned warnings just before the explosions occurred. Some 30 jailed Grapo members have been on hunger strike for 10 months, surviving through forced feeding. One of their number died in the Spring and Grapo has shot dead a doctor involved in the forced feeding programme.

The stock market bomb brought trading to a halt for most of the day.

Grapo, a fanatical and shadowy group similar to Italy's Red Brigades and Germany's Red Army Faction, emerged in 1975 and has been responsible for numerous terrorist activities in the past 15 years.

AMERICAN NEWS

Locking horns at contract time in Detroit

Martin Dickson reports as the US motor industry haggles and the Japanese advance

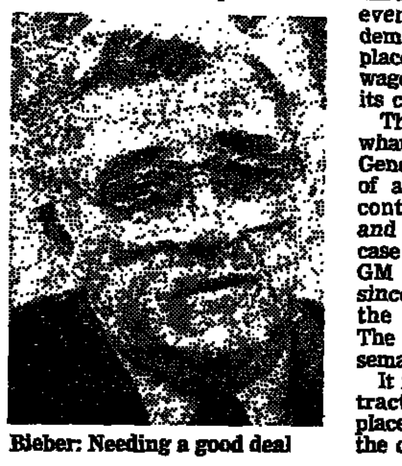
THE SLOGAN declares: "The will to win – we've still got it in America." This runs above a grainy photograph of US motor workers – carefully mixed by age, race and gender – marching purposefully out of a newspaper page.

The advertisement is part of a campaign for public support, launched this summer by the United Automobile Workers in preparation for hard bargaining this month over a new three-year contract with the big US manufacturers – General Motors, Ford and Chrysler.

Its boast goes to the heart of the negotiations: Do the union and management have the will to overcome their mutual distrust and forge an agreement that helps win back market share for the Big Three from the relentlessly advancing Japanese, thus saving jobs and raising profits?

Every triennial contract negotiation tends to be described as "crucial", but the stakes this time are particularly high. The outcome will reverberate through the motor industry, and the wider union movement, for all this decade.

Over the past 10 years, the Japanese companies have expanded their share of the US car market from 20 per cent to 28 per cent, largely through the establishment of US plants (called transplants), which tend to build more reliable cars than their American rivals at lower unit costs and with better labour relations.



Bieber: Needing a good deal

Although the Americans have done much to narrow the quality gap, the Japanese advance looks like continuing in the 1990s unless Detroit can raise its productivity and make its plants far more flexible to meet rapidly changing consumer demand.

Further oriental inroads would bode ill not only for the Big Three but for the UAW, since most workers in the Japanese transplants are not union members, apart from those in joint-venture operations involving Detroit. In an embarrassing setback for the union, workers at Nissan's plant in Tennessee voted last year, by a 2:1 majority, against UAW representation.

So, although non-union workers in the Japanese plants have almost doubled in total to 13,000 since the 1987 contract round, job losses at Big Three plants have cut the number of UAW members there from 510,000 to 450,000.

Against this background, and with an oil crisis and the threat of recession making even more uncertain the US demand for cars, the UAW has placed job security, rather than wage increases, at the head of its contract demands.

The union is still bitter over what it feels was betrayal by General Motors and Chrysler of an agreement in the 1987 contract not to close plants and only lay off workers in case of a sales downturn. But GM has closed four plants since then, although it calls the cuts "indefinite idling", The union calls this "cynical semantic manoeuvring."

It is at GM that the new contract negotiation is to take place, the union having picked the company as its "strike target." It will first try for an agreement with GM, then seek to make broadly the same deal stick at Ford, the healthiest of the three companies, and at Chrysler, the weakest.

What's good for Roger Smith, former head of General Motors? His pension of $1.1m a year

GM's car market share has dropped from some 46 per cent a decade ago to 35 per cent in 1989, although it has seen marginally more buoyancy so far this year. The union has chosen GM because agreement with it will be particularly ticklish to achieve. Also, GM has far more UAW employees (300,000) than its rivals, and the most acrimonious recent labour relations.

Union politics have also played a role in the choice of target. Mr Stephen Yokich, who took over last year as head of the UAW at GM, is the front-runner to succeed Mr Owen Bieber, union president. The negotiations give him scope to underline his reputation for toughness.

It seems no coincidence that, a few weeks ago, he gave his blessing to a strike at a GM parts plant at Flint, Michigan, birthplace of the company and a city which has suffered severe job cuts. The strike was ostensibly about local issues, but seemed designed as muscle-flexing. It only ended when GM gave the plant a reprieve from previously announced lay-offs.

The two sides are trying to reach agreement by a week today, when the current contract will run out, but they have a big gulf to bridge.

GM's opening pitch to the union made no mention of job guarantees, although it did offer a rise in basic wage rates – the only one of Big Three to do so – and improved benefits for those laid off or taking early retirement

Other contentious areas include health care, where GM wants to stem sharply rising costs. It says these amount to some $660 a vehicle, compared to $60 to $100 for a Japanese plant in the US with a younger and so healthier workforce.

It will also resist higher pension costs, despite union fury at the near doubling this year of the pensions of the company's top executives, at a time of supposed belt-tightening. Mr Roger Smith, who retired as chairman at the start of August, takes an annual $1.1m.

GM also wants to lift productivity, by operating plants 20 hours a day instead of 16, which would sharply cut unit costs but would involve switching workers to 10-hour days and four-day weeks. This is strongly opposed by a dissident faction in the UAW, the New Directions movement.

Despite the gap between the two sides, both recognise that they need each other in the fight against the Japanese, and that contract talks which broke down and led to a strike would hand more market share to the rivals.

SEC charges Swede with insider trading

By Martin Dickson in New York

MR CHRISTIAN Norgren, a well-known Swedish banker and former director of ABB Asea Brown Boveri, the construction group, was yesterday charged by the US Securities and Exchange Commission with insider trading during ABB's $1.6bn takeover last year of the US company Combustion Engineering.

Mr Norgren resigned his position at ABB, a Swedish-Swiss business, and was ousted from the chairmanship of Bank in Liechtenstein last November when the SEC first alleged that a company he owns, Financor Anstalt, had been involved in illegal share-dealing.

Yesterday, naming Mr Norgren himself for the first time, the SEC said he and Financor had bought 55,000 Combustion Engineering shares ahead of the bid and 1,700 call option contracts, resulting in illegal profits of $2.5m.

The SEC alleges Mr Norgren also violated the securities laws by tipping off a friend about the impending deal, recommending that he buy Combustion Engineering shares, and by making a share purchase agreement with a Californian business associate, Mr Howard Marguleas.

Mr Marguleas, without admitting or denying the charges, yesterday agreed to a settlement with the SEC under which $229,000 of profits from Combustion Engineering options would be turned over to the courts.

The SEC said it intended to pursue its case vigorously against Mr Norgren, who it believes may be living in Austria.

Surinam peace bid

SURINAM army chief Desi Bouterse and rebel leader Ronny Brunswijk are expected to attend peace talks in Paris soon, the Dutch news agency ANP said yesterday, Reuter reports from Amsterdam.

France and Surinam are working to revive negotiations aimed at ending a four-year-old civil war in the former Dutch colony. A French diplomat in Surinam attended talks this week with President Ramsewak Shankar, ANP said.

Uneasy compromise in Mexico assembly

By Richard Johns in Mexico City

THE OUTCOME of the National Assembly of Mexico's Institutional Revolutionary Party (PRI) was a difficult compromise between party diehards and reformists seeking to revitalise it through greater internal democratisation.

Despite the shows of unity at the final session in Mexico City earlier this week, following four separate sessions in the provinces, the PRI remains deeply divided and President Carlos Salinas de Gortari achieved less than he wanted.

In theory, the big advances were resolutions setting up a National Political Council to elect the party's presidential candidate, in place of the system under which the incumbent nominates his successor, and acceptance of individual affiliation to the party.

The council is to consist of the presidents of state parties and major municipalities as well as federal and local deputies. But exactly how it will be composed has not been decided and it will be subject to detailed regulations.

Cynics in the press and opposition assume that the outgoing head of state will still be able to manipulate the new body according to his will.

The leadership, under Mr Luis Donaldo Colosio, PRI national president, failed to obtain the insertion into the party's statement of the phrase "social liberalism". Semantic though it might seem, particular significance is attached to this by students of Mexican "Kremlinology".

The change would, in effect, have meant endorsement of the free market, capitalist-orientated policies of the President and his technocratic administration, an important part of the mandate given to Mr Colosio, who faces entrenched opposition from the leadership of the party's Labour and Peasant sectors.

Instead, the precept "social justice" remains sacrosanct in PRI liturgy in line with its the socialist, statist foundations.

A personal friend of the president, Mr Colosio has toiled manfully around the country to persuade rooted party vested interests, including powerful and corrupt state governors as well as local political bosses or caciques, of the need for greater democratisation and consultations with the rank and file.

Following devastating losses and the fraud required to maintain PRI hegemony in the 1988 general elections, Mr Salinas has appreciated the need for radical reform of the party if the mid-term 1991 vote for the whole of the Chamber of Deputies and half of the Senate are to be won by the PRI freely and fairly.

According to the latest count, total membership of the PRI numbers 8.45m – rather more than a tenth of the population though many are corporate members.

Mr Raymundo Riva Palacio, a leading independent commentator, said: "So far the reform is just on paper. We will have to wait and see how it accommodates to Mexican reality. That will be the big problem".

Colombian drug profits found in Japan bank

JAPAN is tightening security in its banking system to try to prevent laundering of drug profits in its vast financial networks, which are already suspected of handling drug money, AP reports from Tokyo.

Police said yesterday investigators had confirmed that funds belonging to a former leader of the Medellín cocaine cartel in Colombia had been found at a branch of the Swiss Bank Corporation in Tokyo.

The account had belonged to the late Gonzalo Rodriguez Gacha, a top drug trafficker who was shot dead by Colombian police last year, the Japan Times reported.

It said Y270m (£947,000) was transferred from Hong Kong to a Colombian bank in New York, via the Swiss account in Tokyo.

Police officials declined to comment in detail on the report, but confirmed that discovery of the account was linked to a report by the US Drug Enforcement Agency last December that it had frozen and confiscated accounts owned by Gacha in five countries.

Honda and Toyota US sales surge as Americans falter

US SALES of domestically-built cars maintained their 7m annual rate in the last 10 days of August, showing little response to the Gulf crisis, but down some 20 per cent from August 1989, a month of heavy price discounts, Anthony Harris writes.

However, two Japanese manufacturers with US plants, Honda and Toyota, gained heavily at the expense of US manufacturers, especially Chrysler and Ford. Also, sales of light trucks, which were relatively buoyant before the Gulf crisis, fell to nearly 25 per cent below the 1989 performance.

The success of Honda is particularly striking, since the company is a relatively mature domestic producer. Its late-August sales were 38 per cent above the 1989 level, with 25,224 domestically-built cars purchased – only a short way behind the 27,549 sold by Chrysler, the smallest and weakest of the major US producers.

Toyota, which is expanding its US facilities, achieved a 24 per cent increase; but Nissan, also a mature "transplant" manufacturer in the US, suffered with the US makers, sales being more than 24 per cent down.

Ford's 33 per cent sales fall reflects corporate problems. Until 1990, Ford was the most successful of the US majors. This year, though, its redesigned Escort, its best-seller, is being sold at less than 80 per cent of the volume of the old model.

General Motors, by contrast, has virtually held its 1989 market share, with new models in the vital compact sector.

WORLD TRADE NEWS

US sweater makers elated by anti-dumping victory

Nancy Dunne assesses the domestic impact of this week's vote on Asian textile exporters

WITH a terse finding of injury, the International Trade Commission (ITC) this week handed a victory to the embattled US synthetic-fibre sweater industry in the largest anti-dumping case since the American steel industry actions of the early 1980s.

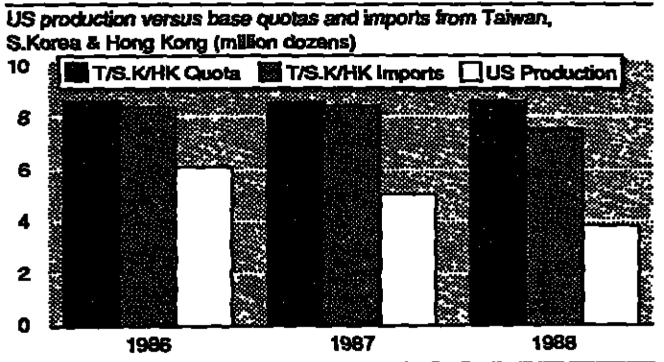
The case is particularly significant at a time when a controversial effort is underway to amend the anti-dumping code under the General Agreement on Tariffs and Trade and a growing number of countries are imposing their own dumping rules. Reformers are pushing for changes in US procedures at the same time as many congressmen are urging the Administration not to agree to weaken the US anti-dumping law.

However, the verdict – that US sweater makers have been injured by imports from Hong Kong, Taiwan and South Korea – gives far less cover than originally sought to an industry already protected by quotas and an average 34 per cent tariff.

The 2-1 vote means the US customs service will start collecting duties from American importers equal in value to the dumping margins for shipments from the three countries. However the Commerce Department's International Trade Administration (ITA), which examined the books of the foreign companies, found far less evidence of sweater sales at "less than fair market value" than the industry had claimed.

Man-made fibre sweaters

US production versus base quotas and imports from Taiwan, S.Korea & Hong Kong (million dozens)



For South Korea, the ITA estimated average dumping margins of a negligible 1.3 per cent. In the case of Hong Kong, it set margins at just over 5.8 per cent, also very low and thought to be easily absorbable by manufacturers or importers.

Only in Taiwan was the dumping found to be substantial - the margins were more than 20 per cent - and Taiwanese manufacturers have been falling far short of their permitted export quota.

The margins are far lower than the industry claimed when it filed its petition last September. Then, it said prices of the sweaters sold to US retailers and wholesalers by the three countries were substantially less than prices charged to other countries. In fact, the industry said, many prices appeared less than the goods would have cost to produce on a profitable basis.

The National Knitwear & Sportswear Association, which filed the case, estimated dumping for Taiwan as ranging from 44 to 190 per cent; South Korea, from 13.5 to 94 per cent; and Hong Kong, from 25 to 115 per cent. The Association has also suggested frequently that goods from Hong Kong and Taiwan have in fact been produced in China.

After losing the early rounds with the ITA, the US sweater industry was elated by the vote.

Mr Seth Bodner, the executive director of the National Knitwear & Sportswear Association, said: "As we savour our victory, our industry will remain vigilant." We will closely monitor trade from these Far Eastern manufacturers..."

The ITC accepted the industry's claim that dumping had pushed down domestic profits to less than 2.5 per cent and expanded the market share of the importers. Foreign man-made sweaters now take almost three-quarters of the $1.3bn market, with Kong Kong, South Korea and Taiwan accounting for more than half of the imports.

The American Association of Exporters and Importers (AAEI) decried the decision and said it was only one of the three commissioners – Mr Don Newquist who cast the lone opposing vote to the injury decision – who understood the changes in the sweater industry.

Anti-dumping duties on man-made fibre sweaters imposed by US International Trade Commission:
Taiwan – 21.38 per cent;
Hong Kong – 5.86 per cent
South Korea – 1.3 per cent

The exporters claim that imports have filled a void for high quality fashion and novelty sweaters left by a lagging domestic industry. US consumers, they said, would be injured by the higher prices on the sweaters they want.

The case has spotlighted the procedures and calculating methods of US anti-dumping decisions as few have before. The industry was outraged when the ITA omitted from its calculations on average Hong Kong dumping the high margin set for the one of the four manufacturers examined which refused to co-operate with investigators.

The exporters seem ready to pounce on the procedures employed by the ITC. The commissioners' individual thinking will not be known for another week, but each seems to have employed different formulas in their final conclusions.

Miss Gail Cumins, counsel to the AAEI Sweater Group, said serious questions existed about the affirmative vote cast by Commissioner David Rohr, who defined the US industry differently from the other commissioners, limiting his examination of the evidence to man-made fibre sweaters rather than the industry as a whole.

Miss Cumins said the evidence on record released earlier by the Commission gives little segregated data on man-made sweaters so that "it does not appear that there is substantial evidence for his decision."

Although many American manufacturers expect no immediate improvement in their market positions, Mr Bodner hoped the case would encourage greater demand for domestic sources.

"The domestic market guarantees no dumping duties, no tariffs and no price uncertainty, " he said.

Duty 'may drive Taiwan out of US market'

TAIWAN textile makers said the US decision to impose a 21.38 per cent, anti-dumping duty on man-made fibre sweaters from the island was unfair and would drive them out of the US market, Reuter reports from Taipei.

The duty was the highest of the three imposed by the US International Trade Commission on sweater imports from Taiwan, Hong Kong and South Korea.

Mr Chien Po-tsun of the Taiwan Sweater Industry Association said: "It's unfair and will be a hard blow for us because our exporters can not compete with their rivals in the US market."

He said Taiwan sweater exporters could be driven out of the US market if the ruling was enforced.

Taiwan's sweater exports to the US fell 62 per cent in volume and 59 per cent in value in the first eight months of 1990 from a year earlier.

Ruling angers Hong Kong textile manufacturers

By Angus Foster in Hong Kong

HONG KONG textile and other manufacturers reacted with a mixture of worry and anger to the ruling by the US International Trade Commission that companies in the colony have dumped man-made fibre sweaters in the US market and caused damage to US manufacturers.

Companies fear the ruling could spawn a flood of similar actions by the US and other countries against exporters from Hong Kong and Asia. They are angry because they feel the method of investigating dumping is unfair.

Mr Henry Tang, chairman of the Hong Kong Woollen and [Synthetic Knitting Manufacturers Association, said the decision was a "glaring example" of protectionism. "They've discovered another tool with which to kick us in the teeth," he said.

Many Hong Kong businessmen think competitors in their major export markets are using dumping allegations as a trade weapon. According to garment exporters, US manufacturers of man-made fibre knitwear launched the complaint in a bid to sustain sales as the market in the US for their material began to contract because of changing fashions.

Ms Miranda Chiu, Hong Kong deputy director of trade, said the ruling was especially surprising since man-made sweaters are under quota, and therefore protected by the Multi-Fibre Arrangement. Because of the quota, companies cannot sell into export markets to gain market share, the usual reason for dumping.

"We cannot ship any more than they allow us to ship so how can it be predatory pricing?" asked Mr Tang, who is also managing director of Peninsula Knitters, a company which was not investigated. "Our aim is to make as much money as possible, not to subsidise the US consumer," he said. Last year Hong Kong exported $208.8m (£107.07m) worth of sweaters to the US. In the first seven months of this year, however, and before the ITC made its ruling, exports fell about 15 per cent year on year, according to Hong Kong trade department figures.

US Man-Made Fibre Sweater Market: 1988

	Dozens (m)	Value ($m)
Total imports	10.05	773.0
Imports from:		
Taiwan	3.19	283.2
South Korea	3.26	264.6
Hong Kong	1.12	83.3
Domestic Production	3.86	600.0

Source: US National Knitwear and Sportswear Association

Exporters claim the slowdown is largely because of uncertainty among US buyers about the outcome of the investigation, which was first proposed a year ago. "In some ways the US knitwear industry had already won, before the ruling came through," one exporter said.

Hong Kong now fears other countries, seeing the successful action taken in the US, will follow suit. Canada is rumoured to be preparing dumping allegations against Hong Kong exporters of man-made and natural sweaters. Mexico has lodged a dumping allegation against Hong Kong denim manufacturers and the EC is continuing investigations into audio tapes from the colony.

In the most bizarre example so far, Turkey considered a complaint against Hong Kong manufacturers of zips although the case was dropped because the volume of trade was so low.

Dumping is defined as selling in an export market at a lower price than in the exporter's domestic market. When, as with most Hong Kong companies, domestic sales are negligible, a domestic price is "constructed" by the country which feels it is being harmed.

However Hong Kong exporters claim dumping is too subjective. As an example, they point to an 8 per cent minimum profit margin and 10 per cent selling expense which the US imposes under its constructed value formula. Hong Kong companies, often geared to short-term and low margin manufacturing, say those percentages are too high.

This latest complaint, which was first filed by the US National Knitwear and Sportswear Association, is seen as particularly unfair. The US Commerce Department, which conducted the dumping investigations, based its decision to levy a 5.86 per cent anti-dumping duty on findings from just two Hong Kong companies. Companies which were not investigated, and new companies starting business after the investigation, still face the same charge.

US toolmakers' fight for exports centres on Japan

By Barbara Durr in Chicago

THE US machine tool industry is struggling to make a comeback after having lost nearly 62 per cent of its domestic market to foreign companies in the last decade. The foremost target for American toolmakers is, unsurprisingly, Japan.

The Japanese account for about half of all US imports of machine tools and nearly 70 per cent of the foreign transplants – assembled by foreign-owned companies – that sell tools in the US. Imports eat up about 50 per cent of the US market, while transplants account for roughly another 12 per cent.

This week the US toolmakers kicked off a programme that they hope will increase their sales to Japan. In a series of special meetings at the 10-day International Manufacturing Technology trade show in Chicago, which opened on Wednesday, American companies were trying to persuade more than 250 Japanese representatives to buy their wares.

The programme, devised by the US and Japanese governments in collaboration with the machine tool trade associations, tries to improve the trade imbalance between the two countries. Currently, Japan buys only 6.6 per cent of its machine tool products overseas.

What annoys American toolmakers is that Japan's transplants are buying less than 10 per cent of US machine tools, according to Mr Ray Blakeman, chairman of the National Association of Machine Tool Builders and chief of the Met-Coil Systems Corporation.

This latest and more co-operative bilateral effort on trade follows protectionist measures in 1987. Then, agreements were negotiated by Washington for voluntary restraints on machine tools by Japan and Taiwan. As a result, the foreign market share fell from 67 per cent in 1986 to 62 per cent last year.

US machine tool exports also increased during the 1980s and are estimated to have reached as much as 30 per cent of all sales in the first quarter of this year. However the industry, the total shipments of which last year ran to nearly $7bn, is hardly satisfied and appears to have become infused with a fighting spirit.

Mr Blakeman believes that Americans can win back a large chunk of their market and succeed overseas if they learn three key lessons from the Japanese: to develop new products; to make plants efficient and technologically state of the art; and to develop a strong marketing programme worldwide. "We haven't lost our ability to be entrepreneurs," said Mr Blakeman.

He attributes the decline in US toolmaking to high US interest rates, which made investments in new plant and equipment too expensive, labour costs, and a lack of attention to and skill in marketing. He complains particularly bitterly that US bankers are shortsighted. "Bankers want to know what you'll do next quarter, not three years from now," he said.

Unlike Japan, the US did not have a national strategy to help industries, although Washington was now making efforts "to level the playing field a little bit."

The Japanese onslaught into the US machine tool market came in the 1970s, when US companies were overburdened by orders and lacking capacity. Taking advantage of the demand, they entered with massive sales campaigns, huge inventories and lower prices. They gained a foothold that they built on later, increasingly displacing the American companies.

Now, however, the roles may have reversed, said Mr Patrick McGibbon the machine tool industry specialist at the US Department of Commerce. Japanese company backlogs, which used to run just three months, have now reached almost six months, and the time may be ripe for Americans to step in.

Exports indeed seem to be the main hope for a US industry comeback given that the US economy is on the brink of a recession and the domestic market is likely to stay soft well into 1991.

Meanwhile, with Japan, Mexico and Europe still buying, Mr Blakeman says, "We must keep the pressure on for overseas sales."

UK NEWS

Meeting at IMO headquarters may resolve dispute over miners' cash

NUM raises hopes of settlement in Paris

By Our Labour Staff

ONE OF four men leading the National Union of Mineworkers' claim to more than £1m of disputed funds said yesterday the chances of reaching a settlement next week had increased.

Mr Henry Richardson, president of the NUM in Nottinghamshire, was speaking after the four men had interviewed Mr Norman West, European MP for South Yorkshire, and a signatory to one of the disputed accounts.

Mr Richardson said Mr West had provided very good information. As a result, he was more hopeful that agreement could be reached on Monday when the four visit the Paris headquarters of the International Miners' Organisation with Mr Arthur Scargill, president of the IMO and the NUM, and Mr Peter Heathfield, NUM secretary.

In London, four Soviet miners said they wanted the money returned to the Soviet Union where it was raised.

Speaking after being interviewed by fraud squad detectives, they said they were angry that money collected in their country during the 1984-85 pits strike is with the IMO and not with the miners for whom they say it was intended.

Detective deputy chief superintendent Tony Mastradick, leading the inquiry, said last night that evidence provided by the miners had yet to be fully assessed. He said other individuals will be interviewed and indicated there were sufficient grounds for Scotland Yard to broaden its intervention in the controversy.

Mr Scargill, speaking in Blackpool, where he was attending the TUC annual congress, said he was not concerned about any questions the police were asking. He said he hoped negotiations in Paris would lead to a settlement.

The dispute between the IMO and NUM surrounds the intentions of the Soviet miners for the funds they collected.

Mr Scargill said the conflict, confusion and disagreement came from the Soviet Union and not from himself or Mr Heathfield.

Report claims sharp decline in reading ability

By Richard Evans

A SHARP decline in children's reading ability in state primary schools is claimed in a report published yesterday, which shows a 50 per cent increase since 1985 in the number of seven-year-olds with severe reading difficulties.

The report, Sponsored Reading Failure, was extensively leaked two months ago when Mr John MacGregor, Education Secretary, decided to launch two separate studies to assess the facts in what has become an emotive issue over teaching methods.

Inspectors are compiling a report on current methods of teaching reading in primary schools, and the School Examination and Assessment Council is surveying existing local authority evidence of reading skills among seven-year-olds, reporting on recent trends and standards. Both studies are due to be completed by December.

Mr MacGregor will then decide what action to take, and the indications are that, if he finds there has been a real decline in standards, he will support a return to more traditional methods of teaching.

The Education Secretary welcomed yesterday's report by a group of educational psychologists and said it was clear the issue was one of teaching methods rather than educational resources.

He said he intended to meet the authors of the report shortly.

POWER INDUSTRY

UK Government supports pressurised water reactor

By David Thomas, Resources Editor

THE UK Government yesterday gave planning consent for a new pressurised water reactor nuclear power station to be built at Hinkley Point in Somerset by Nuclear Electric, the state-owned operator of nuclear stations in England and Wales.

Mr John Wakeham, Energy Secretary, indicated his strong support for nuclear power when he published the 3,000 page report of Mr Michael Barnes QC, the inspector who conducted the year long inquiry into the Hinkley Point application.

Nevertheless, a final go ahead for the Hinkley station will have to await until the Government's review of the prospects for nuclear power, which is scheduled for 1994.

Now that planning consent has been given, the review will in effect be about whether to proceed immediately in 1994 to build the Hinkley station, which could be completed by the year 2002.

Mr Barnes concluded that the delay in starting the proposed 1,200 megawatts Hinkley station would add £154m to the capital cost, bringing the total cost to £1.7bn in 1987 prices.

Environmental organisations last night criticised the Governement's decision, which was described as "bizarre, dated and irrelevant" by Friends of

John Wakeham

the Earth.

The Council for the Protection of Rural England said it ignored the evidence of escalating costs in nuclear power, which was attacked by Greenpeace as "a dead industry - it is grossly uneconomic, unsafe and unnecessary."

National Power and PowerGen, the two generating companies in England and Wales heading for privatisation, are also likely to be concerned, particularly since Mr Wakeham indicated that he might try to extend the subsidy for nuclear power, known as the nuclear levy, beyond its current phase-out date of 1998.

Electricity industry insiders believe that an attempt to extend the nuclear levy would inevitably lead to a complaint by the privatised companies to the European Commission competition authorities.

Mr Barnes concluded that a new nuclear station would generate more expensive electricity than a new coal, or gas-fired, station for some time.

Nevertheless, he recommended planning consent because Hinkley would contribute to diversifying Britain's sources of energy and might help to combat acid rain and global warming. He dismissed protestors' safety concerns.

The inspector also said that 11,000-12,000 megawatts of new power stations, about a fifth of current capacity, would be needed by the end of the century. Mr Wakeham accepted there would be a shortfall, although he concluded that the inspector's figures were exaggerated.

● Enterprise Oil, Britain's biggest independent oil company, announced a 59 per cent increase in interim profits after tax to £82m as production increased, exploration write-offs were lower than expected and interest income rose. On a pre-tax basis, profits rose 60 per cent to £102.3m. Production rose 30 per cent to 116,200 barrels a day of oil equivalent.

BRITAIN IN BRIEF

Met Office launches business aid

A long-range weather forecasting service was launched by the Meteorological Office aimed at helping businesses vulnerable to changing weather conditions.

The scheme is a further example of the more aggressive commercial policy followed by the Met Office since it became an independent agency with a new commercial director in April.

A computer software package developed by Datasolve, includes 10-day forecasting along with historical and regional data.

UK package tours row

Lunn Poly, Britain's biggest travel agency chain, decided to stop selling more than 100,000 package holidays offered for sale by Airtours, the publicly quoted travel operator.

Lunn Poly has decided to take the unprecedented step in the travel trade of "blacklisting" Airtours holidays, alleging that it gives a "poor after-sales service to our customers."

This was last night denied by Airtours. Mr George Marcall, the company's marketing director, said: "Lunn Poly's decision to stop selling our holidays is a result of our refusal to accept the unrealistic levels of commission they are seeking."

Ferry users 'at risk'

Ferry passengers are still at risk from a lack of safety precautions three years after the Zeebrugge ferry disaster, the Consumers' Association claims in the latest issue of its 'Holiday Which?' magazine.

The association says that a report of safety experts, asked to investigate evacuation procedures from ferries, found "inadequate safety regulations, confusing signs, old-fashioned equipment and emergency instructions in marine jargon."

The magazine wants to see an independent public transport safety commission established to research and monitor safety standards on ferries. It also urges the Government to force ferry operators to update and refit older ships which do not meet modern safety standards.

Council to sell old masters

Derbyshire County Council, which needs to make savings because of the introduction of the per capita tax levied for local services, is to sell off some paintings from its arts collection.

The decision, sanctioned by the council's education committee, involves up to 19 paintings including works by Durer, Goya, Lowry and Rembrandt.

The committee met against an acrimonious background of argument about the legitimacy of selling cultural investments to meet short-term financial commitments.

Major meets Hashimoto ahead of Washington talks

Chancellor of the Exchequer Mr John Major welcomed his Japanese counterpart Ryutaro Hashimoto to London for talks ahead of top-level international economic discussions in Washington. Mr Hashimoto is in Europe to discuss financial aspects of the Gulf crisis.

Blast damages Royal Navy ship

An explosion on Wednesday ripped through a British Royal Navy ship being constructed in a Belfast shipyard. Nobody was hurt in the blast which followed a telephoned bomb warning, police said. There was no immediate claim of responsibility.

Construction of the £100m ($195m) Royal Navy supply vessel Fort William was nearing completion at the Harland and Wolff shipyard.

Drug seizures increase by half

Cocaine seizures by police and customs rose by 50 per cent last year to a record 500 kilos, according to figures published by the Home Office.

The drug, used to produce the highly addictive "crack" posed a "threat that must not be ignored," Home Office Minister John Patten warned.

Len Hutton dies at 74

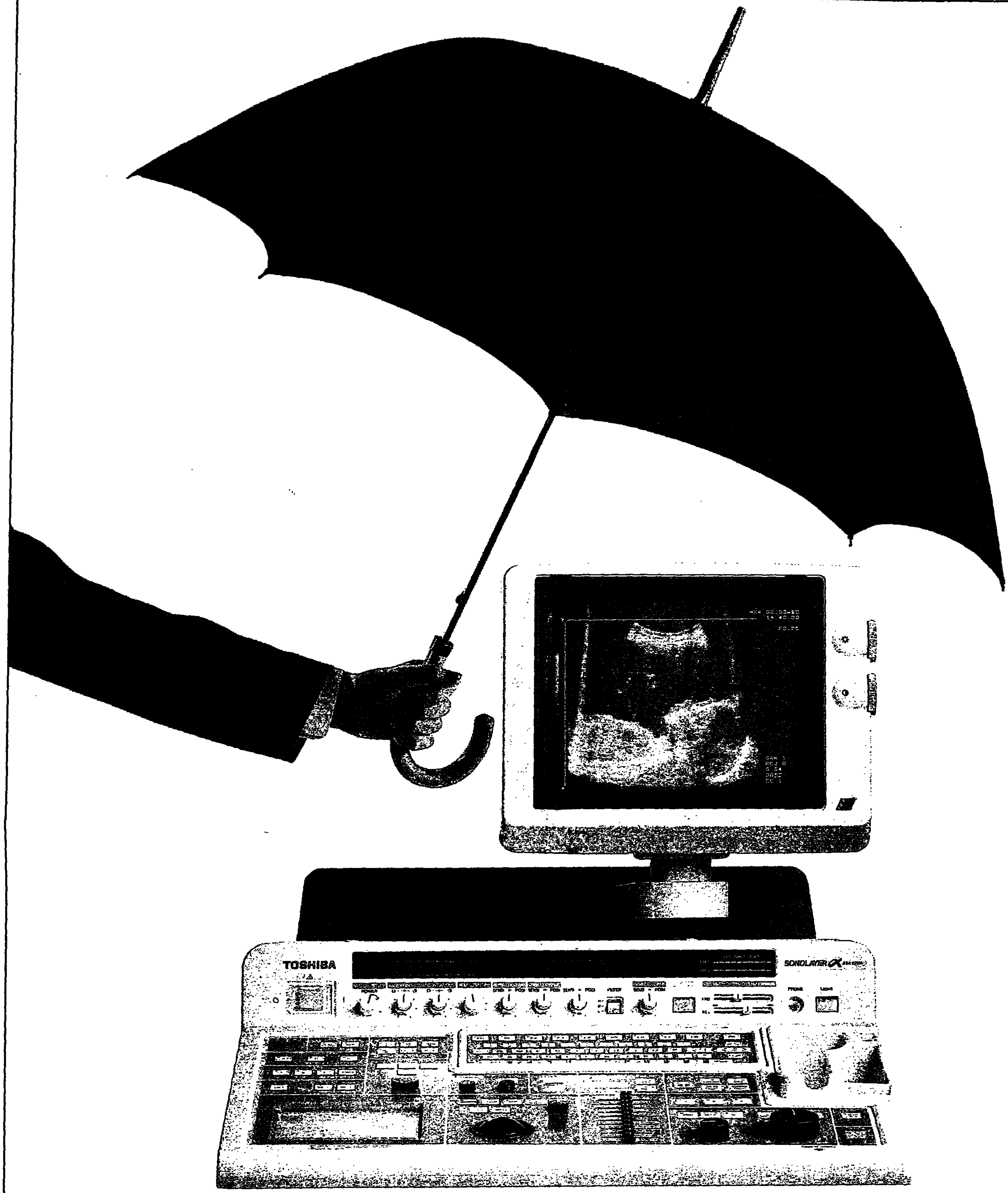
Legendary cricketer Sir Leonard Hutton – a prince of batsmen and a Boys Own hero for three decades – died today after undergoing an emergency operation. He was 74.

Sir Len, who played the greatest Test innings ever by an Englishman when he hit 364 against Bradman's all-conquering Australians in 1938, collapsed at his home in the early hours.

The man who, as England captain in 1953, recaptured the Ashes against Australia during Coronation Year and sent the country into raptures, was rushed to Kingston Hospital, Surrey in the south of England. A hospital spokesman said Sir Len underwent emergency surgery for a ruptured aortic aneurism.

Scottish talks

Mr Michael Forsyth, the chairman of the Scottish Conservative Party, was due to meet Mrs Margaret Thatcher, the Prime Minister, last night amid speculation that he may be forced to step down from his post.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UK NEWS

Newly created ICI Europe to be based at Everberg, near Brussels

ICI prepares managers for 1992 market

By Clive Cookson

IMPERIAL Chemical Industries, the largest UK-based manufacturing company, is to carry out a complete overhaul of its European management structure, in preparation for the introduction of a single European market after 1992.

Power and responsibility will be transferred from 15 "national companies" – wholly-owned ICI subsidiaries in individual countries – to a new organisation called ICI Europe based at Everberg, near Brussels. It will be supported by six regional centres.

The reorganisation "provides ICI with a much simpler and more cohesive structure than exists at present," said Mr David Beynon, previously a director of ICI Chemical and Polymers, who has been appointed Chairman of ICI Europe.

"Our prime objective is to meet the changing needs of our customers," says Mr Tom Hutchison, the ICI main board director responsible for Europe. "The single European market will affect the way in which our customers organise their own businesses. They will be looking for fewer suppliers and a more integrated relationship with companies supplying them."

But the company will also reap a benefit from cost savings, as it cuts out unnecessary duplication of facilities such as offices, computers and legal services to support the current total of 75 different ICI companies in 15 countries. Internal estimates suggest that the savings could amount to £25m - £30m a year.

Details on management: Page 15.

Latest chapter from tales of the riverbank

By Richard Tomkins

A UK property company is planning to start a high-speed passenger ferry service to carry commuters along the Thames between Dartford in Kent and central London.

In the next few days it will begin trials on the Thames with a Norwegian-built air-cushion catamaran seating 330 people and capable of speeds up to 50 knots.

If the trials are successful, the company will shortly afterwards announce plans for financing the launch of a regular commuter service between Dartford and London using a fleet of vessels built to a similar design.

The service is planned by White Horse Holdings, a private property investment and trading group chaired by Mr Hamish Orr-Ewing, a former chairman of Jaguar Cars and Rank Xerox.

Mr Peter Lay, White Horse's joint chief executive, said the main purpose of the service would be to provide a fast, non-stop commuter link between the Dartford area and central London, though off-peak services might call at other points.

For the purpose of the trial, White Horse is borrowing the 35-metre Cirrus 120 surface effect ship Sant' Agata from its builders, Brodrene of Norway.

The last attempt to start a high-speed passenger service up the Thames into the capital was P&O's ill-fated attempt to start a jetfoil service between London and Zeebrugge in the 1970s. It failed because of repeated mechanical breakdowns.

Survey of more than 400 British companies by CBI/FT

Weakening UK economy reduces import demand

By Peter Norman, Economics Correspondent

BRITAIN'S weakening economy is reducing demand for imports in the retail, wholesale and motor trades, according to the latest Confederation of British Industry/Financial Times distributive trades survey.

The survey, which polled 434 companies in the second half of August, found that annual sales growth was subdued among retailers while sales of wholesalers and motor traders were lower than last year.

Mr Nigel Whittaker, the chairman of the CBI's distributive trades panel, also said anecdotal evidence indicated that retail sales in London were being affected by the reluctance of Middle East and US visitors to spend as much as usual. "Those from the Middle East are no doubt worried by the Gulf crisis; and those from the US by the weakness of the dollar," he said.

However, Mr Whittaker said the decline in such sales was neither "drastic nor dramatic" in the context of the retail sector as a whole. Here the Government's high interest rate policy continued to be the major factor affecting business.

Lower priced goods and regular purchases, including food and health care, continued to perform relatively well, he said. Spending related to the housing market such as consumer durables, household textiles, furniture and carpets were all down on last year.

Mr Whittaker said that Britain's motor traders are experiencing "particularly difficult times" and reported sales well down on last year's volumes in August despite the introduction of the new "H" registration plate. An overwhelming majority said they expected their overall business situation would deteriorate in the next three months.

As demand has fallen, imported vehicles have made up a declining proportion of motors traders' supplies, with import penetration falling in August to its lowest level in three years. Wholesalers reported lower import penetration last month for the first time in the survey's seven year history while retailers said the growth of their imported supplies slowed.

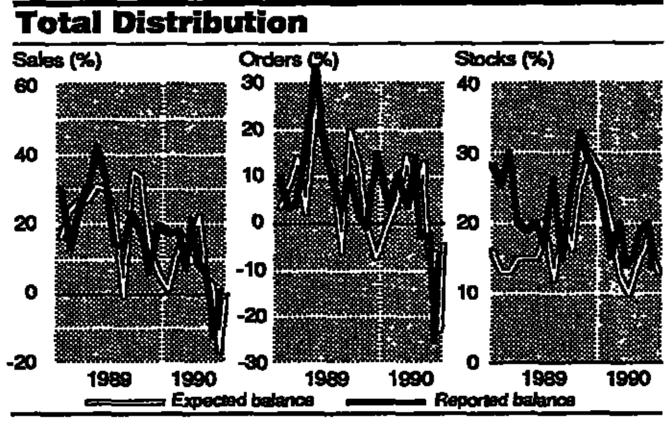
Mr Whittaker said the reduced import penetration was probably a sign that UK manufacturers were making a bigger effort to sell their goods in the depressed British market.

● UK new car sales fell by 13.5 per cent in August to 432,867 from the record 500,112 achieved last year, accelerating the recession in the British new vehicle market, writes Kevin Done.

At the same time new commercial vehicle sales plunged by 25.9 per cent in August to 40,909 according to figures released yesterday by the Society of Motor Manufacturers and Traders.

August is the most important vehicle sales month of the year, accounting for more than a fifth of annual new car registrations with demand stimulated by the change of registration prefix.

Total Distribution



Bleak view: Welsh sheep farmer Emyr Owen and dog Ben at his Sarphle Farm in Clwyd

Photograph: Trevor Humphries

Bleak view from the Welsh hills

Paul Cheeseright meets a farmer losing patience with talking while his French counterparts ambush trucks carrying British sheep

MIST brooded over the broken Welsh hills of Sarphle Farm, a climatic metaphor for the mood of Emyr Owen. "I don't think Mrs Thatcher wants agriculture in this country to survive," he said.

A fifth-generation farmer, Mr Owen, 36, was as depressed as the drizzle was itself depressing. On Tuesday, he took 50 yearling sheep to the market and got an average price of £37 each. Last year, at the same time, he made an average £62.50. "I hope my son goes for something else," he muttered. "We don't know what's in front of us."

Next week he will take ewes to market, but without enthusiasm. He believes the wholesale buyers cannot afford to take the gamble of buying for fear of being left with thousands of sheep on their hands.

It is not much use asking whether the hill country of Wales might be used for something else. "People down country can do anything with their land," Mr Owen said. "There's one choice here, and that's sheep. If the Government wants to keep people in the countryside, they'll have to give us more support."

Sarphle Farm is at the end of the road leading to Llanarmon, where the carriageway becomes single track. The stone farmhouse sits in the crook of the hills, down the Ceiriog valley, south of Llangollen in North Wales.

The Owens, Emyr and his wife Eleri, Clwyd County Council tenants, have been there since 1981. Rent is £3,000 a year subject to three-yearly reviews. It has gone up a third in eight years, a rise a shopkeeper would consider modest.

Still, Mr Owen said: "It's a struggle to pay the rent at the moment." He calculated his income would be down this year by more than £6,000, although he was evasive about precisely what he earns. "There's enough just about to survive, but there's nothing left to invest in the farm," he said.

Lack of investment means he must forgo reseeding, putting up new sheep pens, and so on. That will in turn halt growth of productivity. "We're going back years, we are."

There are about 900 sheep and 40 beef cattle at Sarphle Farm, and the strain of tending them is beginning to tell.

"Everything we are buying is going up with inflation and we're taking a 20 to 25 per cent drop in what we're selling. There is something wrong somewhere," Mr Owen said.

He can produce auction receipts showing that this year lambs of 17kg were selling for nearly £7 less than they were in 1983. "Every farmer in this valley could tell you the same," he insisted.

The Owens feel let down and angry. "Everybody else's wage seems to go up with inflation. Ours is coming down."

That is why Mr Owen took a role in organising a meeting of local farmers in Llanrwst on Wednesday night.

Farmers are casting around, looking for a defence against declining incomes, and searching for weapons to use against the French. "Why should we let them bring stuff into our country, while they're doing what they want with our products?" Mr Owen asked.

"All we are asking for is what we're entitled to," by which he meant access to the French market.

His views about France veer towards the unprintable. He is not clear what might be done, although he would like to see a halt in the UK to the purchase of French products.

But he is none too happy either about the Farmers Union of Wales, and he despairs of the Government. What he does want is pressure on them both to do something, anything. He does not believe the Welsh farmer obtains the same degree of protection against falling markets as the French farmer.

Such complaints about the farmer's lot have been rumbling around Wales for some weeks. Now the farmers are banding together outside their own union. "There's been a lot of talking," said Mr Owen, adding: "It has got to go a bit further than talking now."

Commodities, Page 34

● The future of tourism in the era of Disneyland
Page 2

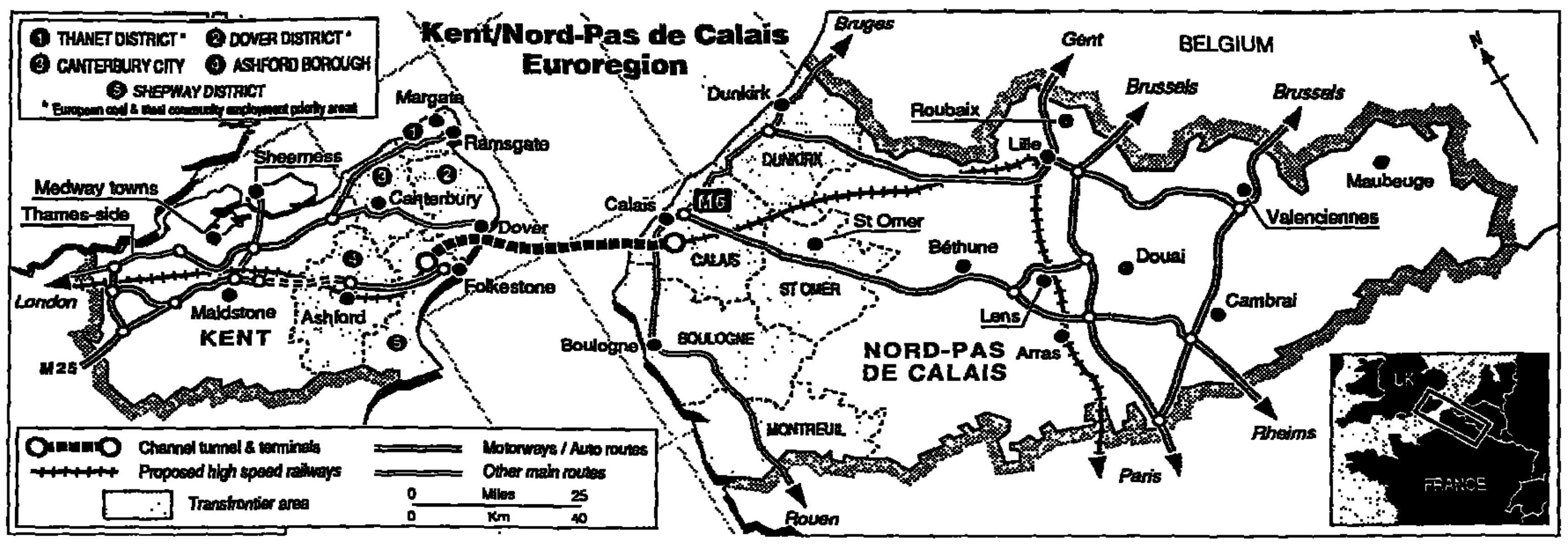
FINANCIAL TIMES SURVEY

KENT

Friday September 7 1990

● High-speed rail delay seems a hollow victory
Page 4

A view of Charing, a small town near Ashford



IN THIS SURVEY

The economy: deprived areas see prospect of new investment
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Communications network: county held back by weak links
High-speed rail delay: a hollow victory
Farming: hop prices take a tumble
KEY FACTS/TRANSPORT PROJECTS MAP 4

The Channel Tunnel, due to open in 1993, has focused attention on the opportunity the county has to attract new investment. Kent's economy has revived since the M25 was completed and links are being forged with the Nord-Pas de Calais in France, writes **Stewart Dalby**

A tunnel of opportunity

KENT, where the Channel Tunnel will make its not universally welcome appearance in 1993, encapsulates in miniature many of the key issues Britain as a whole will *confront in the coming decade.*

Not least important, the *political* ambivalence felt by Mrs Thatcher and many others towards closer integration with Europe.

Similarly relevant is the need to *strike the right balance* between development and protecting the environment. But perhaps most significant of all is the persistent failure sufficiently to invest in infrastructure.

These are all considerations that will have to be faced if Britain is not to be marginalised within Europe, despite having established the first fixed physical link in recorded history.

In addition, Kent has problems of its own, most notably the need to take advantage of the development opportunities the tunnel offers, while at the same time ensuring that his conservative, *conservation-minded county* does not become swamped with industrial estates, car parks and traffic jams.

At the same time, the county authorities and elected representatives do not want to be bypassed *altogether, with* high speed trains whisking people and goods directly to London arguably and further north.

Kent is conventionally thought of as a fully-fledged part of the prosperous south-east. In reality, despite the *proximity of London, large* parts of the county share problems in common with Cornwall – out on a limb, surrounded largely by the sea, with poor road and rail communications. There are also areas of high *unemployment and deprivation* arising from the collapse of industries such as coal-mining and the decline of others such as old-style tourism, farming and engineering in the north of the county.

While the jobless total for the county as a whole is 3.8 per cent, in *Thanet* – the *Margate,* Broadstairs, Ramsgate peninsula – unemployment remains at 7.6 *per* cent, well above the average for the south-east. In *Dover, the impact of unemploy*ment from declining old industries has been alleviated temporarily by the 6,500 jobs created by the construction of the Channel Tunnel.

Kent's economic problems *have meant that 120,000 people,* or around 15 per cent of the workforce of 900,000, commute to London each day. These are not just the so-called gin and tonic commuters from well-to-do dormitory towns in west *Kent. They include 25,000* travellers from the poorer Medway towns of Rochester and Chatham.

As *one council planner puts* it: "Nobody commutes to London for fun." British Rail's trains are often dirty, disgusting and overcrowded, and arrive late. But London is where the work is, and the *road system inside the M25* is an impossible jangle.

To listen to some of the crustier denizens of dormitory *towns like Tunbridge Wells,* Kent County Council sees the answer to the employment problem as getting Kent to secede not just from London but from the UK.

Mr Paul Sabin, the *not-so-crusty chief executive of* the county council, who is a noted Europhile, says: "When there is an international passenger terminal at Ashford and another at Calais, commuting across the Channel will be significantly *easier for* many than the journey to *London.*"

Mr Sabin does not see the centre of gravity of Kent shifting overnight, the minute the tunnel is open. At first it will be health and immigration officials as well as police and freight *forwarding companies.* But the movement of people as well as goods will be facilitated as the harmonisation of procedures starts – in particular when the EC internal market measures begin taking effect *from January 1993.*

Nor is it just a question of people using the tunnel as an escape route from the pressure.

The county council is currently involved with the Regional Council of Nord-Pas de Calais *in establishing the* two areas – Kent with its 1.5m people and the Nord-Pas de Calais with its 4.5m – as a recognised Euro-region; albeit as the only one in the Community with a stretch of water bigger than a river dividing it.

A Transfrontier Development Programme is going through the machinery in Brussels. If the battery of proposals is accepted, then the region could qualify for aid under Article 10 *of the* European Regional Development Fund (ERDF).

Kent has already received assistance from the Social Fund and the European Coal and Steel Community Fund. *But this is small beer compared* with what could start flowing from the regional fund.

Mr Tony Hart, leader of Kent County Council, reckons that in 1986 the county received £46,000 from the EC and something like £16m last year. Aid under the Transfrontier Programme could amount to £100m.

The programme involves such projects as the production of a joint technology opportunities catalogue and the establishment of a development opportunities database. *Later on, there could be* infrastructural aid.

No-one pretends that linking up with the Nord-Pas de Calais region is a panacea for Kent's ills. Everyone accepts that Nord-Pas de Calais, which also *receives French government* aid (Kent gets little direct assistance from the *UK* Government, although there are some enterprise zones in North Kent) will receive the lion's share of ERDF assistance.

While *some distribution* companies and manufacturing concerns will want to set up in France, others for reasons of language, culture and familiarity will want to be in Kent. Japanese concerns in particular are keen to be in English-speaking countries in Europe.

However, the fact that as part of the same Euro-region Kent will be participating with, rather than competing against, *Nord-Pas de Calais could be* important in Kent's efforts to *maintain its environment,* and avoid what Mr Hart calls the rape of the county.

Industrial land in Nord-Pas de Calais is not only significantly cheaper than in Kent (at £40,000 per sq ft, some 10 *times cheaper), it is also* more abundant. The Channel Tunnel, Kent Impact Study 1990, stresses the point, noting that Kent is making some 1,000 hectares (2,200 acres) available for industrial development to *meet the demand* which is welling up.

In comparison, a dozen major schemes in Dunkirk and Calais alone would give more than three times the total Kent industrial land total.

The knowledge that there is land aplenty in the same region, but in France should be a blessing for Kent. It should allow the authorities to direct high quality investment in an orderly fashion to places where *it wants it to go,* rather than let it grow up haphazardly. This would help safeguard the environment.

Despite this, the Channel Tunnel has not received an unqualified welcome from the people of Kent. It is not so much naked, if mildly articulated, xenophobia about the loss of island status, though these feelings might form part of the ambivalence among the older generation. It is more a *reluctance to accept the infra*structural developments that the tunnel demands.

The debate has crystallised over the high speed rail link. It is here that opposition has been most vociferous, not just among Kent pressure groups, *but also among some local* Conservative MPs (all Kent's 16 MPs belong to the same party) who seem to be suffering a bad case of Nimbyitis (the "Not in my back yard" syndrome.)

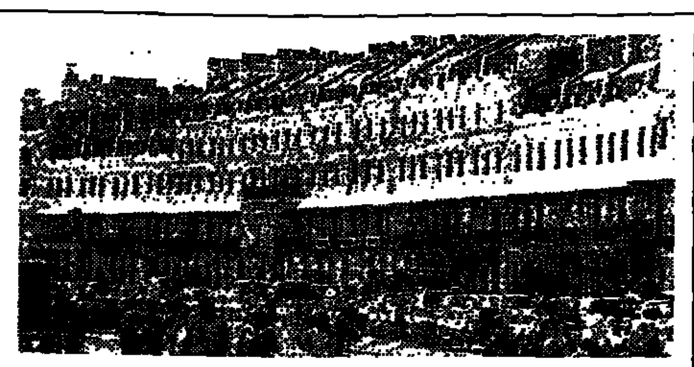
The precise routing and timing of the high speed link are now up in the air again, but Mr Hart, Mr Sabin and the planners at Kent County Council feel it is imperative that it is built. As one planner put it: "With the high speed link, London *could be one apex of a tri*angle forming a TGV hub with Paris and Brussels. This would lock all of Britain firmly into Europe. Without it we run the risk of psychologically continuing to be seen as peripheral."

Mr Hart is an ardent advocate of the high speed link: "The roads just won't stand the strain." Though generally an admirer of Mrs Thatcher, he grieves: "It is a pity *she doesn't like trains.*"

The busy ferry terminal at Dover Eastern Docks

Stewart Dalby looks at the county's diverse economy

Deprived areas see prospect of new investment



The White Cliffs Hotel in Dover

APPEARANCES TO the contrary, Kent has a more diverse economy than other parts of the south-east such as East Sussex and Surrey.

There has been tourism, agriculture and, in the west of the county, service and professional companies.

But there has also been coal-mining, shipbuilding and considerable employment arising from the Channel ports. In the north of the county along the Thames estuary there has been engineering. In the Medway towns, there was a substantial paper and packaging industry as well as the naval dockyard in Chatham.

In this second group of industries Kent or parts of it resemble a northern industrial region rather than an area of the south-east. Like the industrial north, it has seen a substantial reorganisation, with job losses and hardship in some cases.

But the county has been hit twice in a sense by the structural changes in the economy over the past decade in that not only its newer metal-bashing or manufacturing industries have declined but also the older traditional industries, such as tourism and farming, have shed jobs.

One or two incidents stand out. The Royal Naval Dockyard at Chatham closed finally in 1984 with the loss of 7,000 jobs. The last of the coal mines at Betteshanger closed recently. At their height, more than a decade ago the mines employed 10,000. The paper and packaging industry in the Medway towns and other parts of North Kent employed 20,000 in the mid-1970s. Ten years later the total was down to 11,000.

In tourism the decline of the long-stay or traditional family bucket-and-spade holiday has not been matched by new forms of tourism such as conferences or short-break holidays. The Thanet coast still has a considerable day-tripper business but not the more lucrative staying visitors to be found further along the coast in Sussex.

These particular instances of large-scale redundancies took place in the general context of the industrial shake-out of the early 1980s which affected the whole country. This saw branch factories closing in the Medway towns and north Kent, and in Thanet.

Unemployment rose to over 20 per cent in the Medway area, and was even higher in Thanet.

The situation began to improve in the Medway area partly because the Government created five enterprise zones in North Kent in 1983. These zones, with their substantial tax and rates concessions, are the only ones in the south-east apart from London Docklands.

Investment really started to flow into these zones and elsewhere with the completion of the M25 in the mid-1980s. This made parts of Kent accessible to the rest of the country. Unemployment in the Medway towns – Rochester, Chatham and Gillingham – has fallen to 4 per cent compared with an average for the county of 3.8 per cent.

The improvements have not been spread evenly, however. In Thanet, where there are poor road and rail links, unemployment is still 7.6 per cent, above the national average and well ahead of the average for the south-east. In the Dover district which was affected by the mine closures, unemployment is 4.5 per cent. This, however, might be higher were it not for the Channel Tunnel. Some 6,500 people are employed in the construction of the link.

Mr Ian Gill, chief executive of Thanet District Council says: "I suppose the worse time for us was the mid-1980s. We had tried to offset the decline in tourism by bringing in companies. But they were branch factories like British Oxygen. With the recession they disappeared. On top of that, we were apprehensive about the Channel Tunnel. We thought at the time it would see the more jobs going at Ramsgate port."

Dover District Council was also worried about the tunnel. According to the Channel Tunnel Impact Study 1990 (the second monitoring report of the Channel Tunnel Joint Consultative Committee), some 13,000 jobs are ferry-related. Of these, 11,000 are in the Dover district. This is equivalent to one third of the workforce in the area.

Fears that the Channel Tunnel and the advent of the EC internal market in 1992 will mean further job losses have began to recede as more precise studies – like the Impact Study – have been carried out.

Increasingly, the deprived areas of Kent are seeing the changes in prospect because of the tunnel as an opportunity rather than a threat.

There will be some losses involved on the ferries. Freight forwarders for example, will disappear from the area. However, the impact study has estimated that the net job loss from the tunnel will be between 1,100 and 3,400.

Folkestone will cease to be a ferry port. But the ferries from Dover will continue to run. Two new superferries are expected to start shortly and in the not-too-distant future the new supercat, catamarans, will start operating. At Ramsgate too, the Sally Line ferries to Dunkirk are expected to continue to operate.

In short, the diversion to the tunnel is not expected to be as great as was once thought because of the anticipated growth of overall traffic.

The impact study predicted the balance of labour supply and demand in 2001 as follows: South and West Kent -8,800, North Kent +2,800 and East Kent +31,800. That is to say there will be labour shortages in South and West Kent but a small surplus in North Kent and a large one in East Kent. These figures are, of course, complicated both by commuting in and out.

But the figure for East Kent is being seen as too pessimistic. This is because of the great interest shown by companies in the industrial and commercial land being made available by Kent County Council and the district councils. Three business parks are being built around Ashford where the International Passenger Terminal is expected to be sited. A large, low density business park is being built at Kings Hill near Maidstone by the county council in conjunction with a private developer.

Even Thanet, the most deprived part of the county, has plans for a 110-acre business park at Alland, close to Manston airport. This RAF airport has been let on a long lease to a private concern which has turned it into Kent International Airport and is doing a brisk business in passengers and freight. If the promised road improvements in East Kent actually happen, there could be a great surge in interest among investors.

This, taken together with attempts to revive tourism, could mean that the eastern part of the county will eventually enjoy the same conditions of virtually full employment as the west.

Knole Park, Sevenoaks: up-to-date appeal for day-trippers

TOURIST CENTRES

In a time warp

NOT SINCE I was last in Rangoon have I felt myself in such a time warp as in Margate. It seems little has changed since I spent childhood holidays there in the 1950s.

Memory plays tricks, so perhaps I exaggerate. Margate is not that down-at-heel. But empty shops in the city centre and boarded up guest-houses both speak of a town which has seen better days.

Margate and Ramsgate were quintessentially working-class resorts. They were to the south of England what Blackpool was to the north. People from the East End of London would spend part of their holiday working in the hop and fruit fields and then have a week by the beach at Margate. In those days too, Kent had its share of political party and trade union conferences.

The decline of the long-stay, family holiday in the 1960s, as people departed for guaranteed sun in Spain and Greece, and the failure to invest in new types of tourism saw the Thanet resorts' fortunes fall.

Kent still has a substantial tourism industry. In 1988, 4.9m staying visitors spent an estimated £280m, which supported approximately 75,000 jobs in the county, just over 10 per cent of the workforce.

Apart from the seaside Kent boasts over 300 recognised tourist "products". These include 53 castles, 12 wildlife attractions, 78 museums, two zoos and 10 vineyards. Canterbury Cathedral attracts over 2m visitors a year.

During the past 10 years annual tourism to the county has grown by about 23 per cent in volume and 60 per cent in spending power, more or less reflecting the national average.

Though Kent is holding its own, should it not be doing better in the premier league of tourist destinations? It has more attractions than the average English county, and once the Channel Tunnel opens, it will have a catchment area of at least 30m people within 2.5 hours driving distance.

At the moment 17m people use the ferries in Kent but fewer than 1m spend any time in the county. Dover is the busiest passenger port in the country with 15m passengers. But it attracts few tourists. Only 200,000 people visited its castle in 1988.

The Channel Tunnel will represent a major opportunity to boost tourism. The number of foreign visitors to Britain in general and London in particular has been growing rapidly. The tunnel is expected to give a boost to this trade.

Against this, the tunnel also poses a threat. Tourist attractions are being developed along northern France, in Boulogne and Dunkirk. There is also the massive Euro Disney park just outside Paris which is costing billions of pounds to develop and is expected to draw millions of people. The danger is that tourists from Britain will be lured out of the country by these new developments.

On the other hand, there is a fear that the tunnel will enable visitors from abroad to bypass Kent altogether to go straight to London and points north.

The challenge that Kent faces as far as the tunnel is concerned is to get people either to stay in the Dover-Folkestone area or to turn right at Dover and spend some time in east Kent.

As part of this effort Dover is developing the "White Cliffs Experience" at a cost of £13.7m. Opening in the spring of 1991, this will be a family attraction, combining education with entertainment. It is being designed by John Sunderland, who was responsible for the Jorvik Centre in York. It will create 11 linked exhibits and show areas depicting the drama and history of Dover.

The Channel Tunnel is only part of the overall picture, however. Domestic demographic and economic trends all suggest that Kent should be able to improve its tourist industry. The population is ageing. People in their 50s and 60s have more disposable income and want to spend it on better facilities.

There has been a growth in business tourism. But that usually leaves modern quality hotels empty at weekends. This means an opportunity to develop short break holidays.

Over 60 per cent of tourists to Kent still come from the south-east of the UK. There is ample evidence that increasing numbers enjoy a day or days out to places like Rochester Cathedral or Leeds Castle, and that many will be interested in the walks being developed along the White Cliffs. Kent's maritime tradition can also be exploited to better effect.

Aware of the potential, Kent County Council has drawn up a "Kent Strategic Framework 1990-1994." This will cover the period up to and slightly beyond the opening of the Channel Tunnel.

Its objectives include co-ordinating efforts between the various district councils and the East Kent Tourist Action programme as well as the various individual initiatives like the White Cliffs walks. It aims to identify new products like short breaks, enhance facilities in the east coast resorts, raise the profile of Kent and improve visitor experience.

The East Kent resorts are a particular problem. It was not just market trends which went against them. There was also a failure to invest in new facilities and products. While towns outside the county such as Brighton and Bournemouth built new businesses with conference centres, many smaller hotels and guesthouses in Thanet have failed to upgrade facilities by building en-suite bathrooms and the like. Now Kent County Council, together with Thanet District Council, has a £200,000 small loans programme to help smaller properties improve what they can offer.

But these resorts also suffer from poor communications. The M2 runs out short of Canterbury and after that the roads are a spider's web. It takes much longer than it should to drive to Ramsgate. The trains are not much better. The fastest train from London to Margate takes around 1 hour 40 minutes. There are ambitious plans afoot to extend the M2 and dual the A299, the Thanet Way. All it would then need would be a good link with Dover and then these towns might revive.

If someone from the private sector would build a big first class hotel and a tourist attraction to supplement the Bembons leisure park in Margate, the Thanet towns might really be back in business and break out of their time warp.

Stewart Dalby

Marilyn Bentley on moves to revive two coastal towns

'Grand plan' for Herne Bay and Whitstable

IT USED to be a Victorian watering hole. Now it's just a hole." This grim verdict on Herne Bay by a youthful resident may not be a considered assessment, but it does reflect something of the declining attractions of a once popular coastal town.

Herne Bay, like many British coastal resorts, owed its prosperity to the Victorian belief in the efficacy of sea bathing. While the gentry arrived by railway and steamer, the less privileged set off from the Old Kent Road and paid for their seaside family fortnight by hop-picking in the Kent fields.

But as the hop-pickers became car-driving day-trippers, Herne Bay responded to changing patterns of recreation and leisure with complacency and neglect. By the 1960s, Herne Bay had lost most of its appeal. Hotels and guest houses had been turned into rest homes for the elderly.

By the early 1980s, 38 per cent of the population was above retirement age, as against a national average of 20 per cent. Herne Bay had become Hernia Bay.

The problems facing Whitstable were somewhat different. Whitstable never had a tourist industry. Its economy was based on fishing and the cultivation of the Whitstable native oyster, a local resource virtually wiped out by epidemics and harsh winters in the 1920s. The town's economic fortunes never recovered.

By the 1980s, the condition of the north Kent coastal towns was markedly at odds with the image of the prosperous south-east. Male unemployment had reached 26 per cent. Something had to be done to arrest and reverse the decline, attract visitors and commercial interests to the towns, and revitalise their economies.

In July 1983, Canterbury City Council took the initiative with the allocation of a budget dedicated to economic development, tourism and publicity, and the establishment of a department headed by Mr Barry Macrae. Mr Macrae's brief was to produce a "grand plan" to revive the flagging economies of the north Kent coastal towns.

Several studies were commissioned. Coopers & Lybrand reported on coastal recreation and leisure in 1985, Healey & Baker on shopping amenities in 1988, and a series of proposals were made for traffic management and the development of regional infrastructure, most notably the upgrading of the A299 Thanet Way from single to dual carriageway. A Herne Bay and Whitstable Interim Local Plan was published in February 1989.

Tourism and the improvement of amenities for visitors, suggests the Plan, are central to economic recovery, both in direct terms and in the attraction of new industry and commerce. The council sees its role as an enabling authority: forging partnerships with local residents and organisations such as the recently-formed Whitstable Improvement Trust, and facilitating private sector development. The vision is public, the finance private.

To this end, Herne Bay has been designated a "leisure town" with the intention of enhancing existing water sports facilities with a national sports and leisure complex. Plans for the upgrading of the Thanet Way placed the proposed Swalecliffe site within a catchment area of 0.5m people, making the development an attractive proposition to private developers. However, public consultation has since caused a revision of the routing proposals, so that the chosen site is no longer viable.

Earlier this year, a pedestrianisation scheme was opened to link the "old" and "new" centres of Herne Bay, intended to improve the amenities and appearance of the town. There seems little else in sight for the immediate future but another year of arguments over infrastructure.

Whitstable's prospects are somewhat brighter. Having escaped the depredations of 1960s "improvements", its decades of neglect are, ironically, a source of potential prosperity. The town's quaint streets and alleys, its weatherboard houses and associations with fishing smacks and the oyster trade, have considerable historical interest in the conservation-conscious 1990s.

Whitstable's "heritage" is seen as an important tourism resource, but traffic congestion, ugly waste sites and the lack of a cohesive centre strongly diminish its attractions.

Last month, an exhibition was held at Whitstable's Playhouse Theatre to introduce residents to council plans for the redevelopment of the town centre, in line with its designation as a "heritage town." The emphasis is on an enhancement of its historic character, a visually attractive and pleasant traffic-free environment and an upgrading of public spaces.

Central to the plan are a diversion of traffic from the centre, a pedestrianised high street and the sensitive private sector redevelopment of various vacant and derelict sites close to the sea. The results of the public consultation will be considered in the autumn, and, if accepted, private developers will be invited to submit proposals early in the new year.

The aim is to attract the high-spending, international visitors who flock to Canterbury, eight miles away, at the rate of 2m a year. A few specialist shops and galleries have already appeared in Whitstable, along with gentrification of Victorian cottages and imaginative warehouse conversions.

The proposals look good on the drawing board: sea-facing terraces adorned with umbrellas, parking areas artfully screened, and the whole in keeping with the distinctive character of the town. "We've considered the situation commercially and economically. We've got a plan and we're sticking to it," says Mr Macrae. Some local residents have reservations. The traffic diversion from the centre of town has citizens concerned about safety and environmental damage. Even the council admits it will cause "disbenefits."

Shopkeepers fear that limited access to the high street by car will drive residents to out-of-town shopping centres for their basic needs, leaving the high street to art potteries and gift shops. Complains one local trader: "It could turn Whitstable into a Disneyland-by-the-Sea."

Jim Kelly on the impact of the Channel Tunnel

County may miss out

A MILLION Japanese cameras have clicked in front of the simple white stone memorial which stands at a Kent roadside near the ancient town of Gillingham.

A plaque commemorates William Adams, pilot general of the parish, who became the first Englishman to set foot in Japan and was later immortalised as Shogun. Nearby in the town the official council street sign for William Adams Way boasts a Japanese translation.

Will Adams' journey east, landing on the shores of Japan in 1600, is mirrored today by those who come west to Kent: excited by the Channel Tunnel, the single market of 1992 and Kent's proximity to London.

Never has interest been quiet so frenetic: not just from Japan, but from the US, Scandinavia, Northern Europe and from the rest of the UK.

The economy of Kent, a detached and intricate network with a history stretching back 1,000 years, is shortly to be joined by umbilical cord to continental Europe.

Like most births, the forthcoming event is being viewed with optimism and misgivings within the county: every midwife gathered around the Channel Tunnel workings sees a different future.

Will Kent, like the hinterland of Gatwick Airport or the affluent corridor of the M4, blossom in the new economic climate? Or will the county lose its locational advantage within the EC as the tunnel and its links bypass the local economy and feed the Midlands and London?

And what of greater events in Eastern Europe? Will those who sought an "English-speaking base" in the EC within Kent now decide that cheap labour and land closer to the centre of the new Europe offer a better site?

And while the tunnel may monopolise the headlines and the strategic planning, may not other, more mundane, developments actually affect the county's future more fundamentally? In a decade's time will the pundits say that the M25 brought more jobs to Kent than the tunnel?

Like most births, the forthcoming event is viewed with optimism and misgivings

For while the desire to locate in Kent may be strong, the environmental restrictions on growth may polarise growth to restricted areas and spill job-creating enterprise across the sea to the flat lands of the Pas de Calais.

The Channel Tunnel may remove the greatest barrier to easy trade with continental Europe but others remain. There are the physical constraints of documentation and border controls; there are technical barriers of differing product and legal requirements within the EC; and finally there are psychological barriers of travel under the sea.

The history of the economy of Kent is not yet simply a chapter in the history of the Channel Tunnel.

An Economic Strategy for Kent, from Kent County Council, points out that the dramatic improvement in the county's unemployment situation to just 3.8 per cent (27,000) "may be attributed to employment growth within the existing business base..."

Increased demands for property are the result, according to the strategists, of proximity to London, 1992, European penetration of the UK market taking advantage of the favourable tax structure, and foreign investment, particularly from Japan, seeking an English-speaking base within the EC.

The completion of the London Orbital Motorway, the M25, has radically realigned the county to markets beyond London, the capital's two international airports and to the high technology industries of the M4 corridor.

But north-to-south communications are not so good and the council notes that £1.1bn worth of road schemes are needed by 2000: at current expenditure rates that programme will be finished in 2055.

Furthermore, the 1987 charter signed with Nord-Pas de Calais to lay the foundations of a Transfrontier Development Programme accepts that everything in the Garden of England may not be rosy. The charter, says the council, recognises that discussions with Brussels will attempt to offset the "adverse impact" on either side of the tunnel.

The county predicts a 10-20 per cent gain for the procurement related sector within Kent (principally energy and defence, financial services, road and air transport). An increase in mergers and takeovers is expected: especially in aerospace, chemicals, paper and printing.

Consultants Matthews and Goodman of London, in a recent study of the tunnel's impact on the Kent economy, note: "The argument, however, could run the other way. Firms might decide that there is now

Andrew Rowe, Mid-Kent Tory MP, leads a march last year against the London to Channel Tunnel high-speed rail link

less need for a location in Kent because it is easier to export goods to Europe from their existing locations throughout the country."

They also point out that decentralisation from London peaked in 1965 and the regeneration of the capital's heartlands, particularly around the old docks, may stem this form of inward investment.

The Kent Economic Development Board is bullish about prospects in the county and proud of six major schemes under way which will provide 1,550 acres for development.

While inquiry rates at the board are 13 per cent down on last year, this is largely discounted by fears of recession and the impact of interest rates, along with uncertainty provided by the collapse of the Warsaw Bloc.

The major developments are headed by the much-heralded Kings Hill at West Malling near Maidstone: a 647-acre business park, 40 per cent of which is landscaped open space. High quality housing, leisure facilities and a conference centre give the development an impressive pedigree. It is being developed by Kent County Council and Rouse & Associates, an award-winning US corporation.

Orbital Park, Ashford, is designed to feed directly into the Channel Tunnel system and onto the extended M20 motorway link. The 100-acre park is being developed by Mountleigh Group, Eurotunnel Developments and Ashford Borough Council.

Kent International Business Park, on Thanet close to Kent International Airport, is an 165-acre park aimed at companies looking for a European base in advance of 1992 and the EC single market and developed by Wiggins Property Group.

Another strategic location is Crossways Business Park; just off the M25, and well placed for the completion in 1991 of the Thames Bridge and alongside Dartford International Ferry Terminal. Blue Circle is investing £500m in the area in the next five years: £160m in the 150-acre site.

London businesses do not envisage a mass exodus to Kent after 1992-93

The Eureka Science and Business Park at Ashford, developed by Trinity College, Cambridge, is designed to follow the success of the Cambridge Business Park. It is targeted at international companies and close contacts are being forged with the University of Kent and Wye College. Chatham Maritime, a 350-acre site, is discussed elsewhere in this survey.

Beyond these major sites there are still several thousand acres of available land in the county but environmental pressure on planning authorities is strong and it is worth contrasting the flat lands of the Nord-Pas de Calais with the constricted and intricately attractive Kent landscape.

Prices have certainly left the cheap bracket and the completion of the M25 was a particularly strong factor in a jump in prices in formerly depressed eastern Kent in 1988.

Dr Stephen Page, senior lecturer in tourism at Christ Church College, Canterbury, notes: "In terms of industrial development infrastructure has greatly assisted recent expansions in the distribution industry (eg M&S, Tesco, Safeway, Sainsbury) and east-west communications are relatively good. Cross-country routes have constrained development away from major arterial routes although much of the indigenous small-scale manufacturing and production has remained unaffected.

"It is also interesting to note that various surveys of London businesses do not envisage a mass exodus to Kent after 1992-93 since future development sites and industrial land is relatively expensive: (ie £30,000 an acre in Nord Pas de Calais; Ashford £550,000, Maidstone £700,000, Thanet £175,000, Sittingbourne £300,000). New Crossways Estate at Dartford £700,000 (close to M25).

"Future growth will have to be carefully monitored in conjunction with the Kent Structure Plan due to the amount of 'green' space in the county. There are also many political issues with local authorities for/against future growth and this will ultimately affect the availability of potential sites.

"My view is that a spatial polarisation of different parts of Kent will be more marked in the 1990s and accessibility/infrastructure will be the key factor affecting growth in a European market."

This polarisation of economic development reflects the already intricate and varied nature of Kent and appears to be the best forward model for the development of the county up to the year 2000 and beyond: the opening of the Channel Tunnel will merely accentuate that trend.

Removal of sea barrier is a challenge

Catalyst for ports

NOT SINCE the Great Storm of 1287, which swept Winchelsea away and crippled the harbour at Romney, have Kent's ports faced a greater challenge from the sea.

The Channel Tunnel threatens literally to undermine their raison d'etre by removing the barrier of the sea itself, while other developments dot the uncertain horizon.

One of the small clouds gathering in the distance is the issue of privatisation: but for some within the industry in Kent it promises to have a silver lining broad enough to revitalise the county's ports.

During the heat and fire of the Ridley affair, a seemingly innocent Commons question gave the Prime Minister a welcome breathing space.

Amid the clamour, Mr Roger Moate, MP for Faversham on the North Kent coast, asked: "Does my right hon Friend agree that, following the great success of the abolition of the dock labour scheme a year ago, there is now an urgent case for following it up with a new public enabling bill to allow the rapid development of other port enterprises by the privatisation of the outdated trust port structures?"

The Prime Minister was ready for this one: "There is a great deal in what my hon Friend says. The abolition of the dock labour scheme was a great success for the ports and their hinterlands. I understand that for other ports in the trust to be privatised it would have to be done by the private bill procedure, which is very cumbersome. We are looking into the possibility of an enabling bill so that they could be privatised more easily."

Privatisation – with the freedom to develop port industries, residential and leisure facilities – is just one of the options being pursued by Kent ports in their fight to compete with the Channel Tunnel.

Significantly, while the late 1980s were marked by cries of impending doom from the county's ports, they are now diversifying and developing new technology, as market segmentation forces them to seek profitable industrial niches.

One development is already creeping closer with the launch of Hoverspeed's SeaCat wave-piercing catamaran between Portsmouth and Cherbourg: cutting the ferry journey time in half. (But the withdrawal of a similar design from the Weymouth-Channel Islands-St Malo route due to poor performance in bad weather raises a question mark).

The first of Thamesport's £2.5m Italian-built container cranes arrives on a heavy lift vessel at the Isle of Grain in February

Mr Roger Vickerman, director of the Channel Tunnel Unit at the University of Kent, admits that one of the "minor league" ferry ports may go to the wall in the post-tunnel era, but he believes that the ferries have significant advantages.

While the tunnel may have looked state of the art on the drawing board five years ago Mr Vickerman points out that, once built, it will be difficult to improve: it is a fixed link in more ways than one.

Meanwhile the ports have been able to shift some of their marketing to the luxury sector with P&O advertising its lounge facilities before the wondering eyes of a general public whose vision of cross-Channel sailings is, on the whole, less antiseptic.

What is more, the development of Channel Tunnel infrastructure has provided an improved network for the ports: both French and British. The infuriating 5km bottleneck out of Calais has been removed and links are in place to take the driver on to the Rocard Littoral motorway.

The Channel Tunnel crossing saves time, but the ferry links, ironically, may benefit from the fact that they take longer: after all, a generation of lorry drivers has built the crossing into their working lives. Not only do night crossings provide a welcome break, time for food, sleep, and a wash and brush up: they also provide the tachograph with a vital off-duty spell.

Mr Vickerman believes that while freight traffic provides the biggest potential for the tunnel link, "British Rail has to be able to deliver the service its potential customers want. There is an enormous market there: much bigger than the forecasts."

After 1993 and the opening of the tunnel Mr Vickerman sees some opportunities for the smaller ports to gain an advantage, principally through the ending of customs and immigration services which will offer a greater relative saving on costs in the smaller ports.

Strategic long-term investment in the ports is continuing; particularly in developments designed to add value to imports. There is a growing feeling in the industry that the tunnel will be a white elephant financially – and that may not be entirely wishful thinking.

It was the ports which successfully lobbied the Government to make sure Section 42 of the Channel Tunnel Act ruled out subsidies for the high speed rail link: a crucial block which has in effect scuppered the project in the short term.

There is also a growing optimism that the Monopolies and Mergers Commission will lift its ban on co-operation between ferry companies on routes across the Channel: a restriction seen as inefficient and costly by the industry.

Mr Paul Youden, corporate affairs manager at Dover, is upbeat about the future of this ancient gateway to continental Europe. In the past decade £100m has been invested in it, 135m travellers have passed through, with 16.5m tourist cars, 1m coaches, 7.5m lorries and 41m tonnes of cargo.

"The World's No 1 Ferry Port" operates 90 ferries and hovercraft a day out of the harbour. The port is now heavily into diversification; new facilities include a general cargo terminal with 8 - 8.5 metres of water. In the old Wellington Docks a marina - style development is planned. None of this, in financial terms, has been held back by the tunnel, says Mr Youden.

Marketing itself as "a port of excellence," Dover has a new £2.5m shopping centre and its cross-channel services include fax and telephones.

Enthusiasm for the future of the ferry business is typified by Mr Youden's almost gleeful statement that "people don't like going down holes in the ground!" The general belief at the ports is that after a short honeymoon period, the tunnel will lead nowhere.

The issue of privatisation at Dover is less clear-cut. The official stance is that there is no current advantage in seeking privatisation: especially as the Government might divert port taxes to the Exchequer while at present they are re-invested in the port.

Mr Peter Vincent, spokesman for Sheerness on the Thames Estuary, outlines three major projects designed to develop the port's "value added" role.

Sheerness, the UK's largest fruit importer, has opened a 100,000 sq ft cool store project valued at £3.5m for packaging, sorting and distribution.

A £4.5m enhancement facility has been built for imported cars; where the vehicles can be dewaxed, radios added and distribution can be port - based rather than following direct origin-destination delivery. Peugeot and Citroen import cars on two ships a day: 250,000 cars a year, and the use of flat port-related land for storage is a growing business. Thirdly, an £8m land reclamation scheme has been completed.

This port, with an annual turnover of £30m, is not equivocal about privatisation: the benefits of being freed from its charter are considerable: "We stand on our own - why not set us free?" argues Mr Vincent.

The vitality of the industry is probably best illustrated by the arrival of a new port on the scene: Thames Estuary Terminals at the Isle of Grain.

The £140m facility is now run by Maritime Transport Services, a management buy-out of Mr Peter de Savary's Thames Estuary Terminals. By 1991 the annual capacity at the port is scheduled to be 400,000 containers: making Thames one of the UK's top four container ports.

The historic story of Kent's ports is a shifting one. After the Great Storm many may have thought the coast was doomed to silting and decline. Its renaissance was remarkable and it may be that the threat of the Channel Tunnel was the catalyst needed to project the industry into the 21st century.

Jim Kelly

Stewart Dalby looks at the county's communications network

Held back by weak links

POOR COMMUNICATIONS have always been the bane of Kent's economy.

The lack of a proper road structure in east Kent is often cited as the main reason that Thanet has gone into economic decline. Unemployment in the area around Ramsgate and Margate is 7.6 per cent.

Not until the M25 was completed in the mid-1980s did the fortunes of the Medway towns, Chatham, Rochester and Gillingham begin to revive. The M25 made these towns more accessible not just to London but to the rest of the country.

The shortage of new investment until then to replace declining industries such as engineering and coal mining as well as tourism is given as a chief reason that so many Kent inhabitants work in London.

About 120,000 people (or 15 per cent of the workforce) commute to work, and the number has grown recently. They do so on trains which most people agree are inadequate to the task. The rolling stock is old, dirty and not always efficient. The trains are almost invariably overcrowded. Driving in is barely an option for many people since inside the M25 the roads are a congested tangle for most of the working day.

The commuters come not only from the well-to-do dormitory towns like Tunbridge Wells in the west of the county, but also from the poorer Medway area.

Ostensibly, one reason for the poor infrastructure has been the difficulties with planning because Kent is comparatively overcrowded and there is a lot of green belt and environmentally sensitive land.

However, Mr Tony Hart, leader of the Conservative-dominated Kent County Council, feels there are political considerations behind the bad communications. He points out that the county council has been Conservative for 100 years. All 16 of Kent's MPs are Tory. Kent is conceived as part of the prosperous south-east. It is close to London and part of its economy, particularly in the west is an overspill from the capital's economy.

Because it is so solidly Conservative, there has been seen to be little to gain politically by spending money. Not only Conservative governments of the recent years but others have seen little point in investing funds for roads in Kent.

The advent of the Channel Tunnel in 1993 has focused attention on Kent. Various assessments have been made and Kent has carried out its own impact study. As far as railways are concerned Kent County Council has identified the needs as:

- to improve the efficiency of the existing passenger services;
- to provide comprehensive environmental protection on freight routes;
- to complete as soon as possible a high speed passenger rail link between the Channel Tunnel and London;
- to improve rail connections between Kent and the rest of the UK.

The commuters face overcrowding and delays because of a lack of capacity. Inter-city movements are inconvenient because of the slower trains used in Kent and the necessity to transfer from station to station across London.

The county council sees a need for more line capacity and better rolling stock to provide faster and more efficient services if the growing rail patronage is to be retained.

The high speed rail link which the council sees as crucial remains problematic. Euro-Rail's proposals were rejected recently and the timing of the link is once again in question.

Although the additional road traffic expected to result from the opening of the Channel Tunnel is not large when compared with the general growth in Kent, it is, nevertheless, important at about 10 per cent in the year of opening.

The relative impact of this traffic is highly significant, however, because of the high proportion of heavy goods vehicles expected.

As the county council sees it, access to the European rail networks that the tunnel offers means a great opportunity for railways to compete successfully with road transport for large volumes of cargo.

An opportunity for railways to compete with road for cargo

In 1989 some 6,000 lorry movements a day carried goods through Kent to its ports. Each year it is estimated the increase in trade generates 300 extra daily movements. The council is anxious that as much as possible is diverted to rail. The rail network now has the capacity to carry around 9m tonnes of freight a year but that will only just meet the demand expected after the tunnel opens.

By 2010 the total demand for freight through the tunnel and the remaining ports in Kent is likely to exceed 40m tonnes. Every million tonnes which can be sent by rail avoids more than 250 daily lorry movements on Kent's roads.

The construction of a high speed rail link to London would release capacity on the existing network for freight trains. British Rail has estimated that a practical capacity of 14m tonnes could be created in this way.

With or without the high speed link, however, a need existed to improve Kent's road network. It has been estimated that between 1982 and 1987 the number of lorries passing through Kent and its ports increased by 46 per cent. During this period the growth in national ports traffic was only 8 per cent.

Between 1980 and 1989 traffic on major roads in Kent increased by 53 per cent, far more than the equivalent national growth of 37 per cent.

In 1988 the County Surveyors Society investigated the total improvement requirements to meet the traffic forecasts for the year 2001 on strategic roads in England. For the south-east region excluding London the investment required was estimated as being £4.6bn or 24 per cent of the total for England. The equivalent needs figure for Kent came to £1.8bn or 9 per cent of the total.

The Kent estimate comprised £667m work on motorways and other trunk roads and £1.1bn on primary and other routes for which the county council is the highway authority.

The total expected investment on county roads to the year 2001 based on spending in the five years up to 1988 would be around £436m, leaving a massive shortfall of £1.3bn.

While it seems unlikely that this kind of sum will be found to bring Kent's roads up to an ideal state, certain programmes are being carried out.

Most important, the missing link in the M20 motorway between Maidstone and Ashford is being built and should be completed by the middle of 1991. There are also extensions and improvements to the M2, the M20, the A20 and the M25.

As for county roads, the Government has accepted a £80m programme in its entirety for purposes of the Transport Supplementary Grant (TGS). This comprises 10 schemes, bypasses and the like on Channel Tunnel routes.

Following the work of the Kent Impact Study (KIS), the county has also been seeking support for other special schemes whose purpose is to assist the economic development of those parts of Kent where jobs are likely to be lost as a result of the Channel Tunnel, and to improve the ability of the county as a whole to compete effectively with Northern France.

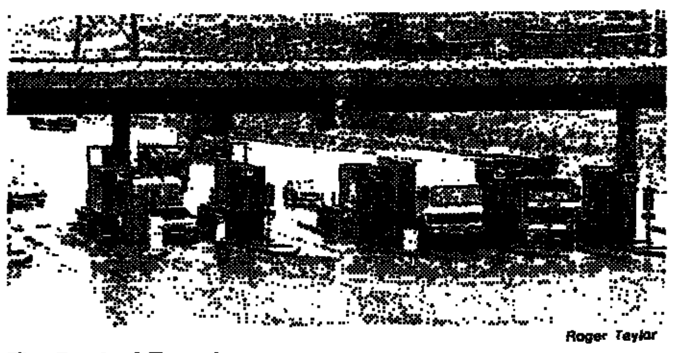
Again, there 10 schemes in this programme which would cost £130m. This would embrace the Thameside industrial route one, the A2033 Folkestone Harbour approach road and other improvements.

So far, only one scheme in this package has been accepted for TSG purposes. But the dualling of the A299, the so-called Thanet Way, at £60m is the costliest element of the programme and perhaps the most important as it would extend the M2 into Thanet and bring the run-down part of the county into the economic mainstream. At present the roads in Thanet are a spider's web.

Efforts are therefore being made to improve the county's inadequate infrastructure, but a lot more could be done.

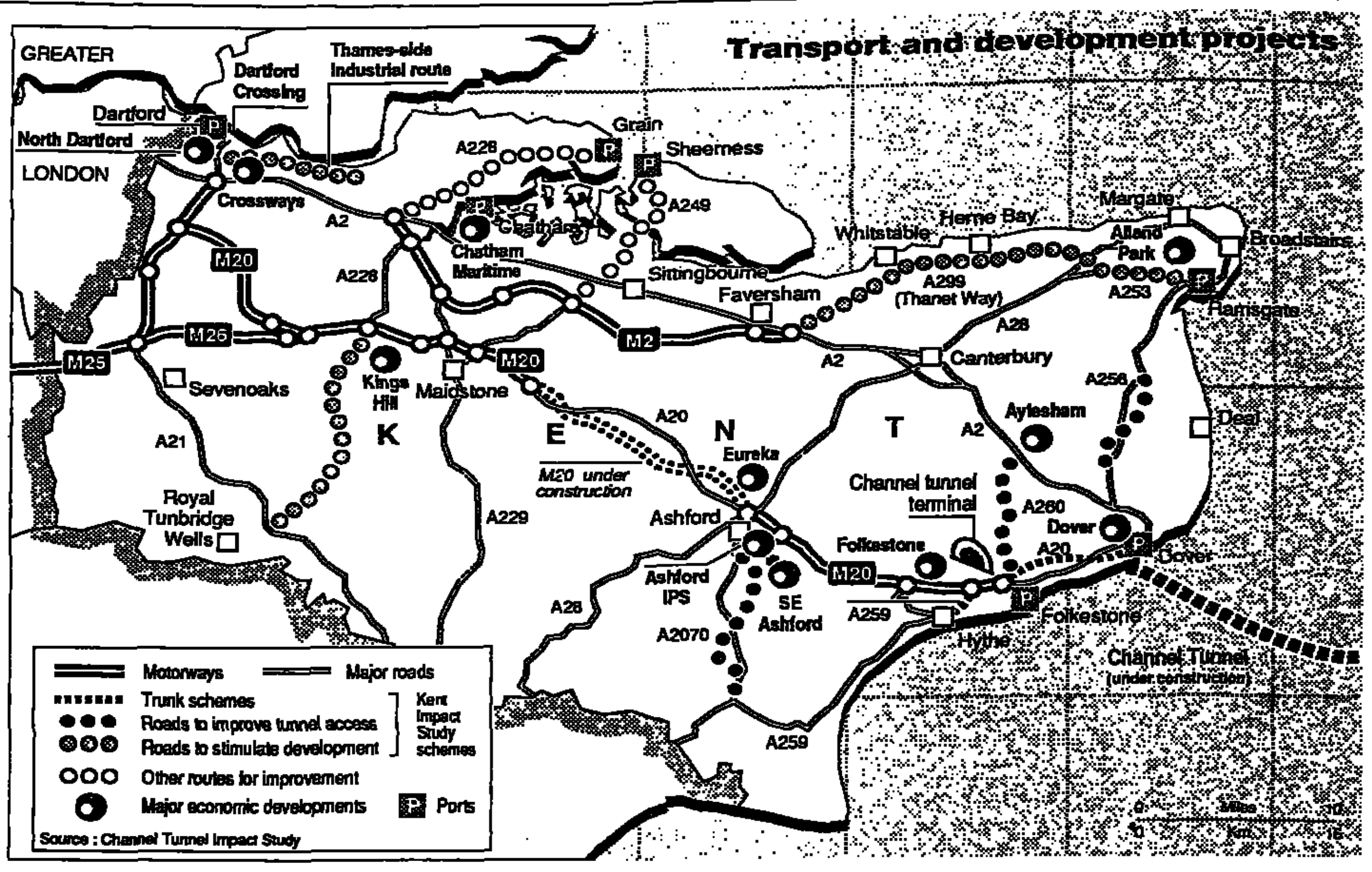
KEY FACTS

Population: 1.5m
Workforce: 900,000
Number of commuters to London: 125,000 (estimate)
Unemployment rate: 3.8 per cent for the county as a whole, around 7.6 per cent for depressed areas, eg Thanet
Industrial land: It is estimated that some net 1,000 acres is or will be available for industrial/ commercial purposes in the next few years.
Cost of industrial land: Industrial land, fully serviced, costs from £300,000 an acre in the north of the county to £170,000 in depressed Thanet
Housing: Four-bedroomed detached houses in Thanet and other parts of east Kent cost as little as £100,000. In western Kent the going rate is nearer £200,000
Further information on investment: phone Maidstone 0622-694001 for the Economic Development Unit.



Roger Taylor

The Dartford Tunnel



Richard Tomkins deplores a hollow victory

A high-speed fiasco

IT WAS back in 1987 that the latest plans were drawn up for a dedicated high-speed railway link between London and the Channel Tunnel. Four years down the track, with nary a sod cut, it is no exaggeration to call the affair a fiasco.

The idea was simple in principle. Once the way had been cleared for the construction of a Channel Tunnel to speed up travel between the UK and the Continent, it seemed to make sense to complete the job by using the tunnel to provide a high-speed passenger rail service between London and the nearest continental capitals – Paris and Brussels.

The French embraced the idea with enthusiasm. Already well advanced with the construction of a nationwide high-speed TGV network, they began work on a spur from the Paris-Brussels route to give both cities high-speed links with the tunnel from the day it opened in 1993.

But the British side was never going to be as easy. Unlike the TGV link, which passed through a sparsely populated part of rural France, Britain's line had to traverse Kent, a densely populated county crammed with articulate Tories who had no intention of having their homes blighted without a struggle.

Amid an uproar of protest from the county, British Rail was faced with the need to incorporate ever more expensive tunnelling works and other environmental safeguards into the scheme to reduce concern over noise.

By 1989, with costs soaring from £1.25bn to more than £3bn, the Government blew the whistle and announced that it would call in the private sector to bring the project under control. The result was European Rail Link, a consortium comprising British Rail, Trafalgar House and BICC.

The Government hoped the private sector members of the consortium would devise an environmentally acceptable line that would pay for itself out of fare revenues. It was to be disappointed. The consortium did chip £500m off the cost of building the line, but found it still needed a massive injection of Government funds to reduce the outlay to a level that enabled it to achieve a commercial rate of return.

Mr Cecil Parkinson, the Transport Secretary, flatly rejected this proposal in June, accusing the private sector of asking the state to underwrite the project's risks while it kept all the rewards. Instead, he passed the project back to British Rail, which has to come up with a fresh scheme acceptable not only to the Treasury, but to the people of Kent.

This further delay means Britain has little prospect of seeing a high-speed link between London and the Channel Tunnel at least until the turn of the century. In the intervening years, expresses from Paris and Brussels to London will travel at speeds of nearly 200 mph on the Continent, but will be limited to barely half that once they emerge at Folkestone because they will have to share existing tracks with other traffic.

For Kent, this temporary victory over the high-speed link seems a hollow one. Although the proposed alignment has been safeguarded between Folkestone and Halling, the further delay to the finalisation of the route simply prolongs the blight which the county had hoped to avoid. In the meantime, it will still have to put up with the noise of the Channel Tunnel trains once the tunnel opens, whether they run on existing tracks or new ones: indeed, the county council has already drawn up a £3.8m programme of measures to counteract the noise of an extra 100 trains a day.

The delay also means the county will temporarily forgo one benefit which was held out as a lure to acceptance of the new line: the provision of capacity for high-speed commuter trains into London to relieve the hard-pressed rail services on existing routes. Worse, existing commuter trains are likely to be held up by the increased traffic.

Ultimately, however, Kent may yet have cause for muted celebration. Given the inevitability of the line's construction, the ferocity of the county's opposition will at least ensure that it is built to higher standards of environmental acceptability than might have been the case. Further, the county eventually stands to gain commuter services that will make its passengers the envy of the south-east. And the planned provision of a Channel Tunnel express station at Ashford will put Kent on the international map in a way that millions of pounds' worth of publicity could not have achieved.

Jim Kelly considers the prospects for the farming community

Hop prices take a tumble

IF KENT is the Garden of England, then the gardener is now peering uncertainly down a rather large hole that has appeared behind the woodshed.

When the Channel Tunnel opens in 1993 it will upset a few apple-carts in the farming community's intricate and varied world. Long-term, there is a view that it will add to the segmentation and polarisation of the industry between large commercial enterprises and small diversified holdings.

While the larger enterprises, aggressively marketed, will consolidate their market role, especially in horticulture, the smaller ones will survive by maximising off-farm income, particularly through the sale of historic farm buildings.

As the number of small and large farms continues to grow in the county, medium-sized holdings have dwindled. There has been an overall decrease in full-time holdings and part-time farmsteads already produce 14 per cent of the county's crops.

Of the county's farm labour force of 454,000, some 46,000 are part-time workers and 73,000 casual or seasonal with 221,000 listed as partners, directors and spouses working on the holdings. Of the 4,700 significant holdings in the county, 2,500 are under 20 hectares and 4,000 under 100 hectares.

Mr Nigel Williams, Lecturer in Business Management at Wye College, Ashford (University of London), expects the tunnel to be a long-term catalyst for change in the county.

He points to the large number of "farming for a lifestyle" holdings in the county where the borderline between traditional farming and other activities is obscured and where owner-occupiers, clear of debt, can diversify to produce income and protect their businesses in the long term.

Mr Robin Leigh-Pemberton, Governor of the Bank of England, is perhaps an untypical example: he owns a 2,200-acre estate with a 1,200-acre farm and 600 acres of woodland in what planners call an area of outstanding natural beauty in north Kent. In Who's Who his entry under "recreation" reads simply - "country life".

Farm income in the county is higher than the average for the UK, but this obscures an uneven distribution.

The pattern of crops across the county is enormously varied and sugar beet is about the only major farm product not represented. A new arrival is linseed, which has returned to the landscape thanks to a subsidy from the EC, keen on promoting an alternative to soya as a source of protein.

The over-riding predominance of horticulture is likely to be maintained with the Weald still producing half the UK's top fruit. But the decline of hops, due largely to the use of German hops in lager and new storage methods, has contributed to off-farm income with the conversion and sale of the old oast houses.

While dairying suffers from the very dry local climate, there is a possibility that the single market and Channel Tunnel could encourage a new industry to thrive: an efficient high-speed rail link would be a major factor in linking up with the French market.

But commercial farming is increasingly complicated by other factors in Kent: the large stock of attractive old buildings is a particular source of income while environmental and leisure needs are adding to the pressures on land.

Hobby-farming, stables and riding schools, and the traditional "pick your own" horticulture all provide useful forms of income during a period of falling farm incomes in real terms.

The long-term disappearance of subsidies, both under Gatt and the EC, may indicate a painful transitional period: Mr Williams predicts that "those with high debts will be squeezed out of the industry."

Mr David Butterworth, regional horticultural policy adviser for the National Farmers Union, believes the Kent horticultural industry has become highly competitive and flexible. Long before Henry VIII founded Tynham orchard, the county's farmers had taken advantage of the climate, the soils and the London market.

Kent still produces 60 per cent of the country's apples and pears and 30 per cent of the soft fruit. Hops, Mr Butterworth admits, are declining. "The price is appalling due to world overproduction. Hop production has halved in the last five years. I think brewers have some responsibility to use more European hops. At the moment the industry is pretty damn close to not being there."

One major fear is linked with Europe. Developments beyond the old Iron Curtain are unsettling for some Kent farmers who see the possibility of huge imports of cheap soft fruit: and a corresponding drain in technology and know-how. Within the EC Mr Butterworth thinks the fruit market works well but emphasises that it is a subtle mechanism which can be upset by solitary imports of cheap fruit.

"With the Channel Tunnel we are reasonably optimistic that it will not alter the pattern of trade." But he believes the now delayed high-speed link to London would have a direct impact.

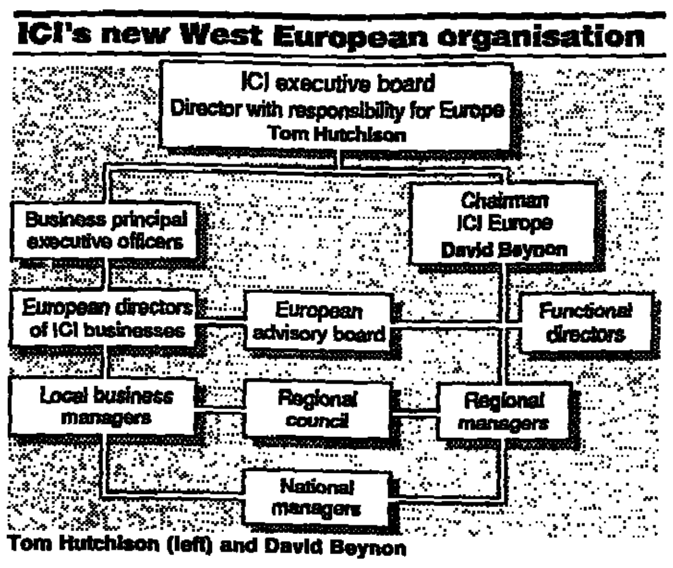
NFU membership in Kent is rising, at the moment touching 4,000, but an increasing number are hobby farmers and Mr Butterworth says that the total of full-time commercial farmers in Kent has halved in the past 20 years.

In the future he sees growth in leisure activities related to the environment and increasing production of flowers with garden produce. While 20 years ago a family might visit a farm to pick strawberries, today it was more likely to visit the farm to enjoy the landscape.

Mr Butterworth also sees further changes in marketing within the county: already noted for the number of its co-operative enterprises such as the long established KentVeg at Birchington which this year celebrated 25 years in business.

Mr Butterworth says farmers toil for months to produce a good crop and then take it to a middleman with the attitude: "Here you are: get the best you can for it." He sees a future for better direct marketing.

Good farm shops are likely to become even more popular in the coming years, providing farmers with alternative income.



Tom Hutchison (left) and David Beynon

ICI proffers more corporate clout to its customers

Clive Cookson *explains the rationale behind the UK group's restructuring in Europe*

Imagine a European domestic appliance manufacturer designing a new range of refrigerators that do not use CFCs, the chemicals that are destroying the ozone layer in the upper atmosphere. That company is a prized customer of ICI, the UK-based chemicals giant. But until now it has been on the receiving end of a disparate barrage of approaches from salesmen and technical experts from different parts of ICI.

Yesterday, ICI announced a complete overhaul of its European organisation, which is intended to produce a far better co-ordinated approach to customers. Power and responsibility will be transferred from ICI subsidiaries in individual countries to a new regional management structure.

As a result the appliance manufacturer can expect to receive a single ICI technical and sales team to help it with fridge project as a whole. There will be representatives from ICI Chemicals and Polymers (providing new coolants that do not contain CFCs), ICI Polyurethanes (providing CFC-free insulating foam) and ICI Paints (providing a new hard-wearing finish for the fridge).

ICI's present European structure was never designed as a whole. It has grown up since 1960 when the company first became seriously involved on the continent. The 75 separate units report in different directions to ICI's main operating businesses.

Fifteen wholly-owned "national companies" now represent ICI in the individual European countries. But some ICI businesses work through these national companies and others operate independently through 30 different sales organisations.

According to David Beynon, the chairman of ICI Europe, the new organisation "provides ICI with a much simpler and more cohesive structure than exists at present." The main changes are:

- ICI Europa, set up in Belgium in 1966 to oversee the company's continental activities, will be renamed ICI Europe. It will have much more power and responsibility, since the 15 national companies are being downgraded.

Beynon's team, based at Everberg close to Brussels airport, includes three new directors who will be responsible for personnel, finance and information systems. Beynon will chair a European Advisory Board, which will include European directors of the 10 ICI businesses.

- Six regional centres will be created to provide functional support to those businesses. The regions are: Mid-Europe (West and East Germany, Austria, Switzerland); France; Italy; Benelux (Belgium, the Netherlands, Luxembourg); Iberia (Spain, Portugal); and Nordic (Denmark, Sweden, Norway, Finland).
- All European sales staff will report directly to one of the 10 ICI business headquarters. They will no longer be managed by the national companies – mostly the case today.

Tom Hutchison, the ICI main board director responsible for Europe, supervised the planning of the new structure. He says the reorganisation is a response to both external and internal developments.

Internally, ICI realised that the expansion of its European operations – continental sales increased 100-fold from £30m in 1960 to £3.2bn in 1989 through a combination of organic growth and acquisitions – had left it with an inefficient proliferation of business units and national companies.

External factors include the prospect of a single European market and the emergence of large corporate customers – multinationals such as Ford, Philips and Electrolux – which deal with their chemical suppliers on a Europe-wide basis and do not want to bother with national companies or small business units.

"Our prime objective is to meet the changing needs of our customers," says Hutchison. "The single European market will affect the way in which our customers organise their own businesses. They will be looking for fewer suppliers and a more integrated relationship with companies supplying them. They will be seeking technological help to solve their product problems and develop their own markets."

ICI sells mainly to other manufacturers; it expects the number of customers to decrease during the 1990s as a result of mergers and joint ventures. "Overall the picture is one of fewer customers seeking fewer suppliers and expecting a total and highly responsive service package. ICI wants to meet these challenges and be a 'preferred' or 'first choice' supplier."

The European chemical market is still fragmented in comparison with some of its customer industries. The top five European chemical companies (including ICI) supply only 20 per cent of the market – in contrast with, for example, the car market in which the top five producers account for 60 per cent of sales.

The study team which Hutchison set up early in 1989 to plan the reorganisation soon concluded that "we were hugely sub-optimal in terms of functional support for European sales," Hutchison says. "When we went into the market-place we weren't adequately pulling together the strengths of ICI's customer services. We needed to make a change that would give us more corporate clout."

The new organisation has a relatively simple parallel structure, with ICI Europe and its six regions providing functional services (such as finance, computing, health and safety) and the 10 ICI businesses providing specialist skills. "We decided that the day of the generalist in serving customers was coming to an end," says Hutchison.

Although ICI executives insist that the primary reason for the reorganisation is to provide a better service for customers, the company will also benefit from cost savings, as it cuts out unnecessary duplication of facilities such as offices, computers and legal services. Internal estimates suggest that the savings could amount to £25m to £30m a year.

A significant new appointment is that of Derek Newman, who moves from ICI's computer centre in the UK where he is corporate information systems manager, to become information systems director for ICI Europe. His job will be to weld together a plethora of different computer and telecommunications systems into an effective European network.

Even though the national companies are being very much reduced in importance, they will not disappear entirely. "It's important to retain a senior national presence in each country," Beynon says. "We're going to have someone called a 'national manager' who will be ICI's corporate spokesman. We see this as a part-time role for a senior member of the ICI organisation in that country."

The one business which is expected to continue to organise European sales on a national basis is ICI Pharmaceuticals, because its main customers are the national health services. (Non-tariff barriers will continue to impede pharmaceuticals trade in the EC after 1992, with each country maintaining a different regulatory process for drugs.) All other ICI businesses are likely to appoint sales managers with transnational responsibilities.

The closure of some European offices will inevitably mean disruption for staff. But the company says there should be no overall loss of jobs. The number of ICI employees on the continent has grown from 800 in 1960 to 17,000 now, and the growth is likely to continue.

"Such growth, coupled with a control of recruitment to replace leavers, will in most locations absorb the effects of a changing organisation," Beynon says. "But where this proves not to be possible I am determined the consequences of our changes will be handled caringly and in full consultation with staff and their representatives."

The changes will not be imposed overnight but introduced gradually, he emphasises. Some important elements, such as the location of the regional centres for Benelux, Iberia and the Nordic countries, have not yet been decided. But the aim is to have the whole organisation fully operational in continental Western Europe by 1992.

Eastern Europe (apart from East Germany) is being left out of ICI Europe for the time being, though it may be included later in the 1990s – depending on the region's political and economic progress. Only last week up ICI Poland was set up – a wholly-owned subsidiary similar to the national companies that are to be phased out in Western Europe.

The role of ICI's home territory in the new Europe is still to be decided. "A separate study is to be undertaken to determine the most appropriate structure to meet the needs of the UK and the Republic of Ireland," Beynon says.

"The UK needs to be integrated into Europe as a whole," Hutchison says. "It would be pointless to have a strategy for the European motor industry that didn't include the UK. But at the same time the UK is clearly different because ICI has its major infrastructure here."

Japan and the West: transatlantic keiretsu or cartel?

Simon Holberton discusses a xenophobic suggestion for information technology

What is one to make of a suggestion that IBM, Siemens, Philips, DEC, Xerox and Motorola forge a grand transatlantic alliance to counter the "Japanese threat" to the West's position in information technology?

It is suggested that these companies would exchange equity and develop business relationships, ranging from equity stakes to technology transfer, with more than 35 other companies involved in software design, and personal computer manufacture, among others.

This extraordinary idea is the child of Charles Ferguson, a former IBM employee and now a researcher at the Massachusetts Institute of Technology. He, along with many in industry and government, believes passionately that the western electronics and computer industries are in danger of being put out of business by Japanese manufacturers*. With Fujitsu's plans to take a large stake in ICL, Britain's producer of mainframe computers, Ferguson has probably found proof positive for his thesis.

He argues convincingly that digital technology has made unitary a broad range of industries, encompassing the photographic, audio, office equipment, and computer industries. Japanese manufacturers' strength and growing dominance in this broadly defined information technology industry derives from their unique financial and business structures. The structure is called *keiretsu*, a Japanese word meaning a family of companies, which is the successor to the pre-Second World War mega-corporations known as *zaibatsu*.

It can apply to a bank-based system – a loose confederation of companies brought together by their common banker, say, Sumitomo Bank, and embracing steel, chemicals, machinery, and electronics, in the form of NEC corporation. Or, it can apply to a supply network which, in the case of NEC, embraces parts and components, electrical machinery, consumer electronics, information processing and telecommunications.

Is a transatlantic *keiretsu* the big answer to the big question the West's IT industry and those in government who care about it have been asking itself during the 1980s? The answer must be no. Ferguson produces a cogent analysis of the current state of the IT industry but he seems to misunderstand the nature of the giant groupings.

The Japanese *keiretsu* compete ferociously against each other both at home and abroad; they may encompass a broad range of industries but they generally limit themselves to participation in one main company in the industry. There is nothing at the centre of the transatlantic keiretsu he proposes – no central provider of finance, no dominant manufacturer with a defined supply line. What he instead proposes is a cartel.

Ferguson's language is that of "preferential relationships" and "friendly competitors". What he suggests is a perfect example of the observation by Adam Smith that when one or more producers gather together they talk about ways to restrict trade.

The *keiretsu* system may have afforded Japanese industry some sort of competitive edge. As part of the Structural Impediments Initiative talks, concluded between the US and Japan in June the Japanese government has agreed to study the *keiretsu* and provide more information on transactions within the groups, which the US says may restrict opportunities for imports.

Ferguson says that people may find his ideas romantic, even xenophobic. They are that and also less internationalist than he would have us believe. At bottom they are about preserving America's leadership ("to maintain technically competitive non-Japanese capital equipment and components supply base") in the IT industry.

What we are seeing here is America in search of a new enemy now that the Cold War has been won. The metaphors that conflict spawned – the "loss" of China and the "present danger" of Soviet nuclear superiority – are in the process of being dusted off for application to Japan. If they are heeded we may all be worse off.

**Harvard Business Review, July-August, 1990.*

TECHNOLOGY

Kevin Brown looks at an Australian sewage system which could help to solve Sydney's pollution woes

The great waste of a clean sea

Sydney, unkindly labelled the Sewer of the South Pacific, could almost have been designed to illustrate the environmental nightmare which hides behind the civilised façade of many modern cities. From the air, the city looks an inviting prospect, its spacious red roofed houses surrounded by cool green bush running down to golden beaches fringed by the blue Pacific.

But fly a little lower and you spot several huge brown stains spreading among the waves - the filthy outfall from the city's sewage system. To the shame of its natives, Sydney has by far the worst coastal pollution problem in Australia – a recent survey found only two of the dozens of beaches were safe for swimmers.

There are plenty of other problem areas elsewhere in the world. The human waste that floats by the boards of surfers on Bondi Beach is much the same as that which torments swimmers in much of Europe, Japan and North America. As public anger *mounts*, fuelled by the growing Green movement and by tougher regulatory action, water authorities throughout the developed world are moving towards a *major improvement in the efficiency* of their plant.

But big questions about how *this should be done are being* raised by a technological development by an Australian company *which challenges the* basis of existing sewage treatment systems, and points towards a future *based* on recycling waste rather than dumping it.

Most existing sewage systems, in Sydney and elsewhere, use clean water drawn from rivers or catchments areas as a carrier to transport waste through a pipe system to large sewage treatment plants, each of which might deal with the effluent of hundreds of thousands of people.

At the treatment plant, the effluent goes through up to three stages of treatment - primary, which removes large solids for incineration or disposal, secondary, which uses naturally occurring aerobic bacteria to break down remaining solids in agitated pools, and tertiary, which is intended to kill remaining bacteria and viruses by chemical additions.

The plants are usually sited *within or close to cities* because of the need to pump sewage along the community's *pipe system. Many plants* are capable of primary treatment only, because the huge land areas required for secondary and tertiary treatment would be prohibitively expensive. The partially treated effluent is then dumped into the ocean, in the hope that it will degrade naturally as a result of salinity, sun, and turbulence.

Even where long outfalls discharge well away from the coastline, waste has a nasty habit of returning to the beaches. The result of this policy in Sydney is that every *year* the city's *sewers* dump into the ocean 106,000 tonnes of suspended solids and 24,000 *tonnes of oils and greases*. The effluent also contains 110,000 tonnes of biologically active *nutrients, organic substances* which are broken down by bacteria at the cost of reducing the *available oxygen for plants and* fish.

The most straightforward *solution would be to upgrade* existing plants to provide tertiary quality treatment. But *that would probably require a* big increase in land costs, and might lead to dangerous chemical *discharges which could do* more long-term damage.

An alternative system has been designed by Memtec, an Australian company specialising in filtration technology, in which sewage is broken down and cleaned using a combination of naturally occurring aerobic bacteria and physical filtration through polypropylene membrane fibres.

In the Memtec system, sewage is pumped into a bioreactor in which a diffused airflow maintains optimum conditions for a film of bacteria on a graphite suspension media. After passing through the bioreactor the effluent is gravity fed to the filtration unit, which consists of cylinders filled with fibres permeated with millions of rhomboidal pores no more than 0.2 microns (a fifth of a millionth of a metre) in size.

The membrane allows water to pass through, but removes contaminants, including bac*teria and viruses. A high-pres*sure oxygen back wash clears the contaminants, which are then collected for disposal and

Sydney's famous Bondi Beach polluted by human waste

incineration or recycling as fertilisers.

In tests at pilot plants in the Sydney suburbs of Richmond, Blackheath, Malabar and Cronulla, Memtec and the Sydney Water Board found that the system removed more than 99 per cent of suspended solids, compared with 60-65 per cent by conventional primary treatment and 90 per cent by conventional secondary treatment. *The system removed 97 per* cent of oils and greases, compared with 35 per cent by primary *treatment and 90* per cent by secondary. And it reduced biologically active nutrients to less than 7 milligrams per litre, compared with an average of 20 by secondary treatment.

There was a further result: a consultant's report to the New South Wales state government in 1989 reported that bathing waters off Sydney's beaches were contaminated by faecal coliform bacteria, which causes various illnesses, at rates of between 5.9 and 30,000 per 100 millilitres. Measurements of *the exit stream from* the Membio pilot plant at Cronulla showed densities of less than 1 per *100 millilitres*.

Separate research work by the virology department at Sydney's Westmead Hospital *showed that the system* removed all viruses from a sample of unfiltered sewage containing *100,000* viruses. On the basis of these trial results, Memtec has been awarded an A$20m contract to supply its system for installation in the Cronulla sewage treatment plant, where it will treat around 40m litres of sewage a day from mid-1991.

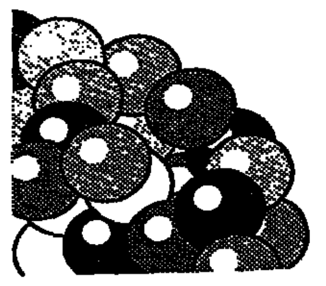
The capital cost is about five times the cost of a conventional primary treatment plant discharging into the ocean. However, there are significant savings in space because the system works so quickly that the flow of effluent can be much faster than in a conventional plant. For example, effluent can be treated to secondary standard in the bioreactor in five minutes, compared with five hours for conventional secondary treatment.

The system's ability to produce tertiary standard water opens up the prospect that the existing pattern of a few large plants treating a city's effluent and discharging into the ocean could be replaced by dozens or hundreds of small local plants producing water from sewage which could be recycled for industry and agriculture. This would remove the need to use millions of litres of water as a carrier to transport sewage to the existing coastal plants – in Sydney, for example, 500bn litres of water are discharged into the ocean every year along with the effluent.

Denis Hanley, Memtec's executive chairman, says re-using transport water just once would halve the cost of the existing sewage system, including *catchment areas*, dams, and pipes. A network of small Memtec plants discharging *reusable water would also* mean ageing trunk sewers could be abandoned, saving millions of dollars in replacement costs.

The system could be extended by the construction of self-contained plants as the population expanded. "This is not the total answer. There are things which need to be done such as paying more attention to the inputs to the waste disposal system, particularly from industry," Hanley says.

"But it does offer a lot of potential advantages, and it is one of the possibilities that should be taken into account." The system is already being tested by water authorities and government departments in Japan and the UK as well as *Australia. Many will be watch*ing the performance of Memtec's Cronulla plant very closely.



WORTH WATCHING

by Clive Cookson

The dynamics of a 16 Mbit chip

SIEMENS *has* produced the first samples of a 16 megabit memory chip. This week's *announcement* by the big German electronics company that it has achieved "first silicon" samples of its 16 Mbit D-Ram (dynamic random access memory) is a cheerful contrast to the gloomy news from Philips, its Dutch partner in the Joint European Submicron Silicon Initiative (Jessi). Philips said on Tuesday that it was pulling out of the European project to develop another type of memory chip, the S-Ram (static random access memory).

D-Rams are the most important type of memory chip and provide the short-term memory in most computers. (Four times as many D-Rams are sold as S-Rams.)

The Siemens announcement shows that Europe is well up with the leading Japanese and American semiconductor manufacturers in the race to produce commercial quantities of 16 Mbit D-Rams, *which* hold as much information as 1,000 typed A4 pages. Siemens says its 16 Mbit D-Ram, which has 33m components integrated on a 142 square millimetre silicon chip, *"is currently entering pilot* production."

At present 1 Mbit chips are *the mainstay of commercial production*, with 4 Mbit coming on stream. But develop*ment work is already under* way on 64 Mbit memories, the next generation but one. Siemens *is working* jointly with IBM, the world's largest computer company, on a 64 *Mbit chip for the late 1990s.*

US gets green light to go East

THE most powerful computers ever exported to the Soviet Union will be shipped this month from the US to the Soviet Research and Development Institute of Power Engineering.

Control Data of Minneapolis has received an export licence from the US Department of Commerce to sell six Cyber 960 *mainframes* for use analysing safety factors in the operation of Soviet *nuclear power stations.*

Although the $32m order was announced last Decem*ber, Control Data has had to* work hard to convince the US departments of commerce, state, defence and energy and the International Co-ordinating Committee on Multilateral Export Controls (Cocom) that sufficient safeguards are in place to ensure that the computers will be dedicated solely to safety analysis of civilian power plants.

Handing over the tiny televisions

THREE Japanese producers of tiny portable televisions unveiled new colour liquid crystal display (LCD) models for sale next *month*, Reuter reports.

Demand for the televisions, *which* are small enough to rest in the palm of a hand, has been growing fast. Total *production* – *almost* entirely Japanese – is expected to hit 2m units in the year to *next April.*

The three producers are Casio Computer, Citizen Watch *and Marantz Japan.* Their new televisions have screens between 2.7 inches *and three inches wide; retail* prices will range from Y33,800 to Y57,000 ($235 to $400).

Protein drugs go down the hatch

ONE of the main drawbacks of the new protein drugs produced by genetic engineering is that they have to be injected into the patient. They cannot be *taken* by mouth because the molecules are broken down by enzymes in the stomach and gut before they can *get* into the bloodstream.

Many drug companies are *working on oral delivery* systems to overcome this problem. One promising *approach comes from Cor*tecs, a small UK company based in Isleworth, Middlesex. Cortecs *has signed a* collaboration agreement with *Ortho Biotech (a subsidiary* of Johnson & Johnson, the US *pharmaceutical group) to develop an* oral form of erythropoietin (EPO), one of the hottest prospects among *the new biotechnological* products.

EPO is a hormone which stimulates the body to make red blood cells. It is being studied for use in the treatment of anaemia, cancer and even AIDS.

Cortecs has found a way of combining the protein with fatty molecules (lipids) which occur naturally in the gut as a product of digesting fat. These are absorbed from the gut and carried to the liver. Proteins attached to lipids can enter the bloodstream before being destroyed by digestive enzymes.

New battery lays mercury to rest

Long-life alkaline batteries free of mercury have been introduced by Ralston Energy Systems, Lynton McLain writes.

The complete elimination of mercury from the company's Ucar long-life batteries *comes ahead of a European* Commission requirement that mercury in batteries be *reduced to 0.025 per cent by* weight by 1992.

The elimination of toxic mercury *from batteries* is important because they are the source of most mercury *in household waste tips. Mer*cury has been used by manufacturers of alkaline batteries to inhibit corrosion, which is caused by impurities in the alkaline manganese raw *materials* that make up long-life batteries. This can release hydrogen gas which causes batteries to bulge and fail.

Companies can eliminate *the need for mercury* by using expensive high purity raw materials – zinc and *manganese dioxide – with only one* part per million of impurity. Even so, the lack of corrosion *inhibitor leads to an 11 per* cent loss of battery life comparted with a mercury-inhib*ited long-life alkaline battery.*

Ralston Energy Systems is the European arm of Ralston Purina of the US, which bought the US Eveready Battery company four years ago.

Contacts: Siemens: Germany, 089 4144 8480. Control Data: US, 612 853 8100. Cortecs: UK, 081 568 7871. Ralston Energy Systems: UK, 0923 774677.

New life for City undertakers

ONE industry's loss is another's gain. Although it might not be much comfort to the beleaguered property market, their problems are providing a new lease of life for the receivership industry. After assuming a vanishingly low profile in the buoyant years of the late 1980s, insolvency practitioners are, once again, centre stage.

The recent collapse of quoted companies – Rockfort, Broadwell Land and Citygrove – are all grist for the mill of the corporate undertakers. And they may be just the tip of the iceberg. Mr Martin Fishman, an insolvency partner of Arthur Andersen estimates that the number of companies in intensive care outnumber those in receivership by five to one.

"A year ago, we were dancing in the corridors if we got a receivership of £5m to £10m. Now we are getting companies with massive debts every few days," says one practitioner.

The receivers are not alone in seeking to help banks sort out their battered property portfolios. Property companies, surveyors, lawyers and even banks are entering the fray. Earlier this summer, Titmus Sainer, the lawyers, Jones Lang Wootton, surveyors, and Touche Ross, accountants, got together to offer advice on tax, valuations and contracts. This is particularly needed, they reckon, by newcomers that have small or non-existent property teams. Similar tie-ups are yet to come.

But when matters do come to a head, it is the receivers who are called in. Staff are sent immediately to every one of the company's building sites to prevent equipment from being reclaimed or stolen. Decisions on whether to continue or abandon work are taken rapidly.

But after the first knee-jerk action, the job of the receiver is often a drawn-out, inconclusive one. They have to step in the shoes of the former executives and wade through the same problems experienced by the previous management. Receiverships often take at least a year and there are even some which hang over from the 1970s.

"There is no magic wand that you wave by appointing receivers," warns Mr Tim Hayward, a partner of KPMG Peat Marwick McLintock. He was appointed a receiver at Citygrove, which collapsed as a result of failing to sell three edge-of-town retail parks. He is modest about his chances of succeeding where previous management failed. "I don't think one is going to go off into a fire sale. One may need to hold them for a sensible time."

Similarly, Arthur Andersen, the receiver at Broadwell Land, expects to continue work at the Plantation Wharf site in Battersea, London. The banks may feel that they will lose more heavily by abandoning a project half way through than if they pump in enough money to see it to completion.

Why do banks appoint receivers in cases where they cannot hope to get their money back quickly? They may decide against throwing good money after bad. They may have lost confidence in the management. They may also be concerned about the prospect of getting too involved in running an ailing company – so-called "shadow" directors can get embroiled in accusations of wrongful trading.

Another reason is that the alternative of arranging a rescue package can be dauntingly difficult. The refinancing arrangement devised for Sheraton Securities took four months to arrange. "As each of the 33 banks had different securities, the scope to disagree about what was a fair burden was enormous," says Mr Omar Bayoumi of Warburgs, which arranged the package. "The reason that it was possible was that it was a very widespread view that it had a quality portfolio and that the management was top quality," he said.

The problem of co-ordinating a vast number of banks, each with different levels of security on different projects is taxing the Bank of England. It is trying to draw up guidelines with the banking community about how rescue packages should be managed. The involvement of the Bank of England revives memories of its role in holding the banking and property sectors together in the early 1970s. However, this time round, it sees its role as one of facilitating discussion between the banks involved. Banks will be left to come to their own judgement about the commercial viability of proposals.

If so, many more casualties are expected. "To see Sheraton come back is encouraging but only the best quality companies will be supported," says Mr Bayoumi of Warburgs. "I think the banks and the institutions will be extremely selective."

Indeed, the downfall of Rockfort, Citygrove and Broadwell Land is seen as evidence that the banks' patience is wearing thin. Banks are being tough and may get tougher still.

TOTAL RETURNS (%)

	Retail	Office	Industrial	All property
Year to July 90	-2.5	2.4	7.9	1.2
Quarter to July 90	-2.2	-2.7	-2.1	-2.3
Month of July 90	-0.6	-1.1	-1.3	-0.9

Investment Property Databank

Spitalfields: developers say their plan is a model of inner-city regeneration; conservationists decry the scheme as monstrous

The curtain rises on Spitalfields drama

A NEW chapter will soon begin in one of the most drawn out and controversial planning sagas in London. The public inquiry into the redevelopment of the Spitalfields Market site has been pencilled in for the end of January.

It will be a rehearsal of heated arguments. The developers say their scheme – a mix of offices, shops and flats – is a model of private sector involvement in inner-city regeneration.

They point to the fact that both Tower Hamlets and the Corporation of London granted the scheme planning permission. Moreover, it won support from local community groups – who stand to benefit from a £56m package of low-cost housing, community buildings and other examples of planning gain.

Meanwhile, the conservation lobby decry its bulk, design and proximity to surrounding listed buildings. "It is a monstrous, mediocre office development that will drive a wedge right through the conservation area," says Mr Ian Lumley, spokesman for the Spitalfields Trust, which was formed in 1977 to renovate the area's Georgian buildings.

But adding to the arguments over the rights and wrongs of the project is the controversy over environment minister Mr Chris Patten's decision two weeks ago to call in the proposals. Critics accuse the Department of the Environment of dithering and argue that Mr Patten should have stuck to the line of his predecessor, Mr Nicholas Ridley, who twice refused to intervene.

Certainly, the whole process is taking an unconscionably long time. It is now four years since Tower Hamlets prepared a planning brief for the site and it may be two years after the inquiry before a final decision on the scheme is made. If past form is repeated, the inquiry's inspector takes months to produce a report, which is then shuffled back and forth between lawyers, officials and the Secretary of State.

From the developers viewpoint, an enforced delay may not in fact be a hardship, given the acute surplus of property in the City. By waiting for a few years, they may benefit from the upswing of the property cycle.

Perhaps this is why the developers, the Spitalfield Development Group – a partnership of Balfour Beatty, County and District Properties and London & Edinburgh Trust – have toned down their initial threat to abandon the project. Now, Mr Brian Cheetham, chief executive, describes that as a knee-jerk reaction. "We have a commitment to this area. We have to honour that commitment."

He is also keen to play down the initial suggestion that community benefits would be jeopardised as a result of the inquiry. "We would not want to let down local people," he says.

The Spitalfields Development Group now has three choices. It can stick to its guns – and if the inquiry finds against it, it can go to appeal; it could return to a smaller scheme which has already gained planning permission; or it could return to the drawing board – an option, which is favoured, not surprisingly, by the Spitalfield Trust.

Commercial Property advertising also appears today on pages 14 & 15

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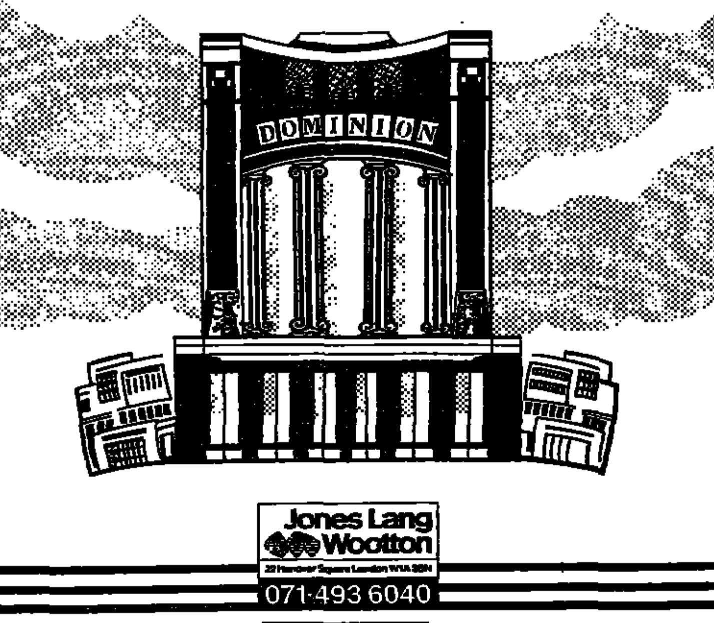

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EXHIBITIONS

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.

Marmottan's Monets. For lovers of impressionism, the MuséeMarmottan is a must. A charming town house set in greenery, ithouses an important collection of paintings and drawings by Claude Monet and his friends. Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows and, above all, time and again the unforgettable Nympheas – waterlilies on still green waters. Musée Marmottan, 2 rue louis-boilly, closed Mon.

Musée d'Orsay. The spectacular museum of the 19th century issituated opposite the Tuileries gardens within the metallicstructure and the glass-roofed vault of the vast BelleEpoque railway station. It houses paintings, sculptures, objets d'art and photographs from the end of the romantic period to the beginnings of modern art and the Impressionist and post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.1 rue Bellechasse (45494814). Closed Mon.

Picasso Museum. The restored 17th century Hotel Sale, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. (42713421).

Musée de Cluny. Medieval Art in Paris. The Abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the ruins of Roman baths. Now a museum, it houses medieval works of art – goldsmiths' work, carved altar pieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the mas terpieces of medieval art. Place Paul-Painleve, (43256200). Closed Tue and lunchtimes.

Musée Rodin. Delightful 18th century town house - Hotel Biron - contains the life work of Auguste Rodin, who opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac defies time. Closed Tue.

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important retrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hebuterne, his last and tragic companion, embody perfect repose. (26 223978).

Brussels

Musée Royal D'Afrique Centrale. Idel Lanchelevici - drawings of Africa.

Fondation pour L'Architecture. Bruxelles Ville d'Architecture 1890-1958.

KB Gallery. Exhibition of lace accessories and table linen. 17th century to late 1930s from private Flemish collections. Closed Mon. Grande Place.

Barcelona

Fundacion Miro. Alberto Magnelli retrospective. Works on show by this Florentine-born artist painted between 1910-1969. Magnelli spent a great part of his life in Paris and was very influenced by the French artistic and intellectual atmosphere of the time, developing a personal style within abstract art.

Rome

Galleria Nazionale d'Arte Moderna. Fabrizio Clerici retrospective: in a labyrinth designed by the artist himself and built in the gallery's workshops are hung a series of drawings and paintings, which move from a group of baroque drawings of Naples, inspired by a childhood visit, to intricate metaphysical works in pastel shades which manage to be simultaneously restful and stimulating. There are also references to Signorelli's apocalyptic frescoes at Orvieto, and the 19th century romantic Boecklin.

Palazzo Delle Esposizioni. This splendid neo-classical building has reopened after four years of restoration work. On the ground floor is a fascinating archaeological exhibition, which attempts to give a clear picture of Rome in the 6th century BC. Particularly fine are the decorative additions to the Etruscan temples, delicately worked jewellery and the ceramics (imported from Greece). Scale models of the dwellings of the well-to-do show how comfortable and well-organised life was for some.

Turin

Castello di Rivoli. A retrospective of minimalist artist Mario Merz. The works are not, however, in any particular order: a glass with a neon light running through it, dating from 1967, sits on a recently made table. The artist has made witty use of the frescoes and stucco designs in this ex-royal palace of the Savoia family, now restored and transformed into a museum of modern art.

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Included are frescoes, sculptures and drawings by Paolo Uccello, Beato Angelico, Gentile da Fabriano, Donatello, Brunelleschi, Ghiberti and Filippino Lippi, and four paintings by Masaccio himself.

Venice

Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington, marking the 5th centenary of the painter's birth, is the largest for over 50 years. More than 70 paintings are on show, lent by American, Russian and European museums.

Essen

Museum Folkwang: Vincent Van Gogh and Modern Art. On the 100th anniversary of Van Gogh's death, this exhibition aims to display his influence on European modern art. With 50 of his own paintings and 120 by other artists it shows his impact on art in the period 1890-1914. Among the other artists are Matisse, Derain, de Valminck, Picasso, Kirchner, all influenced by Van Gogh.The exhibition moves to Amsterdam in Nov. Ends Nov 4. Goethestrasse 414300, Essen 1.

Villa Huegel 15. St Petersburg around 1800. This is the third exhibition to be mounted by the Ruhr Cultural Foundation, set up in 1984 by Berthold Beitz, head of the Alfried Krupp foundation. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibition details the developments of Russia from a great empire to a European power. St Petersburg was the residence of Peter the Great and acted as an intermediary between east and west. The exhibition covers the period from the 18th to the 19th century of Tsars Paul I (1796-1801) and Alexander I (1801-1825) in its role as the political, intellectual and economic centre of Russia.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Otto von Bismarck, born 175 years ago in Schoenhausen, was the German Imperial Chancellor and Prussia's premier before he was sacked by the young Kaiser Wilhelm II 100 years ago. The current political changes in Europe, particularly in East Germany, underline the importance of this exhibition. Bismarck was at the centre of several conflicts in relation to industrialisation, social questions and the impetus towards forming nation-states in Europe.

Leipzig

Museum der bildenden Künste. Max Beckmann (1884-1950), pictures from 1905-1950. Born in Leipzig, the painter taught in Frankfurt's Städel school from 1917-1930. In this exhibition are works from all over the world, including the renowned Synagoge and his final painting Behind the Stage.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books.

Chicago

Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects of the Great Emancipator.

Art Institute. The Russian Taste for French Painting is a tribute to the cultural impact of improved Soviet-American relations with its French masterpieces borrowed from the Hermitage and Pushkin Museums. Works from Poussin to Matisse include Manet, Renoir, Cezanne and Gauguin.

Tokyo

National Museum. Treasures from the Mii-dera. This Buddhist temple near Kyoto was founded in the 7th century and is famous for its sutras, paintings on silk and statuary. Closed Mondays.

Mitsukoshi Gallery (Mitsukoshi Department Store, Nihonbashi). Flowers of Creation: Aesthetics and Curiosities of Edo. Among the art and artefacts of feudal Japan on show in this charming exhibition are painted screens, furniture and some stunning kimonos. Opens Tue.

Tokyo Metropolitan Art Museum. Works from the new Japanese Gallery at the British Museum. Screens, scrolls, woodblock prints and ceramics

Idemitsu Museum. Noh Costumes. Noh is the world's oldest extant form of drama, dating back 600 years or so. The sumptuous costumes display the best of Japanese dying and weaving techniques and are themselves works of art. Also on display are masks, fans and stage props. Closed Mon.

Teien Museum. Mind and Body: the human form in Greek art. Sculptures and bas reliefs, mainly from collections in Greece and Switzerland, exhibited in an exquisite Art Deco former palace. Closed Wed.

Shoto Museum, Shibuya. Contemporary Japanese Prints, featuring woodblocks, etchings, lithographs and silkscreens by 20 leading Japanese printmakers of today.

Touko Museum. Issey Miyake: Pleats Please. Costumes and art objects by Japan's top fashion designer. The pleated costumes that look like space suits and feature geometric designs are based on his 1989 Paris collection.

OPERA AND BALLET

London

Royal Opera, Covent Garden. The season opens on Sept 10, with *Turandot.*

English National Opera, Coliseum. The season-openers are *Tosca,* updated (not entirely successfully) by Jonathan Miller to the 1940s, with Jane Eaglen in the title role; and Nicholas Hytner's sensitive production of *The Magic Flute* in its latest revival, conducted by Jane Glover, with Neill Archer, Benjamin Luxon, Cathryn Pope, and John Connell.

Ballet. The inventive Swiss mime troupe Mummenschanz plays at Sadler's Wells until Sat. From Tues the American dance company Momix will be on view at Sadler's Wells, for devotees.

Paris

Théâtre de la Ville. Karine Saporta's *La Poudre des Anges* brings hysteria and the subconscious into the Saportian universe (42742277).

Strasbourg, Mulhouse and Colmar host the Rhine Opera with its own choir and ballet corps. Under the directorship of René Terrasson the opera presents an ambitious programme for its 11th season. *Orpheus* and *Parsifal,* Penderecki's *Black Mask* and Martinu's *Greek Passion* and *Die Zauberflöte* are grouped under the title Initiation, while a lyrical monologue, an operetta, Prokofiev's *Romeo et Juliette* and Schoenberg's and Fritz Cohen's ballet evening are part of Questioning (Strasbourg 88754823/24/25).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in a new production of Verdi's *Simon Boccanegra* produced by Gilbert Deflo, staging by Carlo Tommaso, with Jose van Dam as Simon, Nancy Gustafson as Amelia, David Pittsinger as Fiesco. Sylvain Cambreling conducts the Monnaie Symphony (Sun, Wed).

Amsterdam

Muziektheater. The Netherlands Opera with a new production of *Parsifal* directed by Klaus-Michael Grüber. Netherlands Philharmonic is conducted by Hartmut Haenchen, with Barry McCauley in the title role. The National Ballet performs *Memories from Underground* (Van Dantzig/Henze) and *Requiem* (Van Schayk/Mozart) (255 455).

Madrid

Opera of Minsk Ballet. Programme of selected pieces from famous ballets, consecutive performances alternate *Swan Lake, Nutcracker* and *Spartacus.* Palacio de los Deportes. Ends Sept 16.

Ballet cristina hoyos dances *Suenos Flamencos.* Teatro Lirico Nacional la Zarzuela.

Barcelona

Luciano Pavarotti in concert. He will sing on Sat before some 40,000 spectators at the Olympic Stadium (Montjuic), accompanied by the Orquestra Ciutat de Barcelona conducted by Leone Magiera in a programme including Donizetti, Puccini, Mozart and Verdi.

Milan

Teatro Alla Scala. Rudolf Nureyev's version of *Swan Lake* with sets by Ezio Frigerio and costumes by Franca Squarciapino. Isabel Seabra and Oliver Metz alternate with Isabella Guerin and Andrei Fedotov as Odette/Odile and the Prince. Nureyev dances the part of the magician Rothbart (80.91.26).

Parma

Teatro Regio. A new festival set in and around Verdi's birthplace at Busseto opens with the French translation by Emilio Pacini of Verdi's *Il Trovatore – Le Trouvere,* with the choir and orchestra of the Opéra de Paris and the corps de ballet from La Scala. Daniela Dessi, Elisabetta Fiorillo, Martine Surais and Kristjan Johannsson are in the cast; conductor is Vjekoslav Sutej (218678).

Berlin

Opera. A Ruggero Raimondi Lieder recital with pianist Edelmiro Arnaltes opens the week. *Cosi fan tutte* in Götz Friedrich's production is sung by Angela Denning, Mariana Cioromila, Carol Malone and Andreas Schmidt. *Les Intermittences du Coeur* is choreographed by Roland Petit and *Bolero* by Maurice Béjart.

Hamburg

Opera. *Der Liebestrank* stars Alida Ferrarini, Francisco Araiza, J. Patrick Raftery and Rolando Panerai. *Ein Sommernachtstraum* has wonderful John Neumeier choreography.

Frankfurt

Opera. *Iphigenie en Tauride* returns with Sylvie Brunet, Gregory Yurisich, Christopher Robertson and Keith Lewis, conducted by Steven Sloane. *Die Nase* by Johannes Schaaf has a strong cast led by Alan Titus, Dieter Bundschuh and William Cochran. William Forsythe's ballet *Limb's Theorem* also returns.

Cologne

Opera. *Siegfried,* part of the new Ring cycle is a co-production with the Düsseldorf Opera, produced by Kurt Horres, with William Johns, Martin Finke, John Del Carlo, Anne Gjevang and Deborah Polaski. *Madame Butterfly* has Hiroko Nishida outstanding in the title role.

New York

New York City Opera. The week features first seasonal performances of *Street Scene* in Jack O'Brien's production conducted by Chris Nance with Margaret Cusack as Anna Murrant and Kevin Anderson as Sam Kaplan. John Absalom is Luka Kuzmic and Jon Garrison is Skuratov in Rhoda Levine's production of *From the House of the Dead* conducted by Christopher Keene. Sharon Graham in Frank Corsaro's 1930s production of *Carmen* conducted by Hal France. New York State Theatre, Lincoln Center (307 7171).

Tokyo

Salome. New production conducted by Seiji Ozawa, with Eva Marton, Ragnar Ulfung and Helga Dernesch. Tokyo Bunka Kaikan (Thur) (289 9999).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's ocean-going 1930s musical has four or five marvellous songs and Louise Gold trying to emulate Ethel Merman. Jerry Zak's bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. A probable, but unspectacular, hit (839 5972).

Henry IV (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its pre-production high jinks. Richard Harris gives a star performance as the nobleman who thinks he is an 11th century king (071 867 1116).

New York

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town, West Side Story* and *Gypsy.* The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Bunraku. The exquisite artistry of Japan's traditional puppet theatre is not to be missed. Performances of the lengthy historical drama, *Oshu Adachigahara (The Adachi Plain in Oshu)* are in two parts, at 11.30am and 4.30pm. The second part can be particularly recommended since it features a tragic death in the snow and is performed by a group of puppeteers led by Living National Treasure Tamao Yoshida. National Theatre (265 7411). Excellent English earphone commentary.

Kabuki. Kabuki-za (541 3131). The highlight of the matinee at 11am is *Ise Ondo (The Dance of Death at Ise),* based on an actual case of mass murder in the 18th century. The star of the 4.30pm performance is 73-year-old Gonjuro, who plays his famous role of a street swaggerer in *Edo Sodachi O Matsuri Sashichi.* Excellent earphone guide in English and English-language programme.

The House of Bernarda Alba. Lorca's tragedy of rural Spanish life is played (in Japanese) by a group of fine Japanese actresses and directed by Nuria Espert. Ginza Saison Theatre (535 0555).

Phantom of the Opera (in Japanese). This highly successful production is a carbon copy of the London original, with the added advantage that one can ignore the banal lyrics, since they are in Japanese. Shimbashi Ebujoh Theatre (797 9601).

ARTS

Love's Labour's Lost

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

Staging a play which Coleridge found "little to interest as a dramatic representation" and which Dr Johnson thought "childish and vulgar" can be a stiff task. Terry Hands's *Love's Labour's Lost* resumes the "civil war of wits" at Stratford for the first time since Barry Kyle's dreamy 1984 production. Hands makes the most of what Shakespeare delivers, but the evening's pleasures derive from isolated moments. This *Love's Labour's Lost* catches academe on the run from ordinary desires, stopping at every quibble, pun and joke en route.

Timothy O'Brien's autumnal setting of greens, oranges and shrieking reds in an ever-thickening forest is flexible and responsive to Hands's own deft lighting. The costumes are fussy Edwardian in pastel shades; but they are changed so frequently that they begin to distract from the play's continuity. This contributes to a nervous, wheeling production in search of moments to sustain itself. The acting suffers from a like over- expenditure of energy; it romps along, breathlessly unaware of its destination.

Simon Russell Beal's King of Navarre simpers and postures his way out of authority. Ralph Fiennes's Berowne contorts and belabours the verse, pausing oddly and not trusting the lines. Only in the scene where the men overhear each other talking of love, where Berowne confesses to loving with his famous "Guilty my lord, guilty! I confess, I confess" does the court come alive. Navarre contrasts with the French court, coolly led by Carol Royle's worldly Princess and seconded by Amanda Root's fine, sparky Rosaline. Both Royle and Root manage to make sense of the intricacies of the verse and interact nimbly with the limber-tongued Boyet, suavely played by David Killick.

In a play composed of a bedlam of competing voices, the locals and misfits fare well. John Wood spends Don Armado's "mint of phrases" with profligate largesse. He banters eagerly with his excellent page, Moth (Nicholas Besley), making arguments and definitions seem matters of vital importance; and when he strays into self-awareness, he provides the moments of sobriety which the play requires. Armado trades syllogisms with Costard (Lloyd Hutchinson) and together they make even the nonsense clear. His fellow pedant, Holofernes, is well played by David Troughton, who presents an excitable, intellectual explorer too scholarly to be wise. Holofernes's companion, the curate (Paul Webster) discourses prissily and is wonderfully embarrassed by Alex Kingston's Jaquenetta as he reads her a misdirected love poem.

Guy Wolfenden's pastiche woodwind sweetly insinuates itself into the action and gives it some of the depth and magic it lacks elsewhere. Hands certainly keeps faith with Shakespeare in a production which manages to be intellectual and colourful in part. With the final songs heard against a darkening sky, Hands finds an amplitude which the play contains but rarely yields. That closing scene provides the evening with two genuinely affecting moments: the women's consolation of the princess at the announcement of her father's death; and Don Armado's sad, arbitrary ending: "You that way, we this way."


Alastair Muir

John Wood

Andrew St George

Love and the Revolution

DRILL HALL ARTS CENTRE

It will be a great pity if poor old Brecht goes totally out of the window now that Germany is being united and the revolution has come about not quite in the way that he might have hoped. I shall continue to regard his plays with respect and to believe that he had a sense of humour.

About his musical collaboration with Kurt Weill and Hanns Eisler, there is less dispute. For those who like it, here is an evening of complete pleasure and nostalgia. A small group from the Berliner Ensemble is playing a Brecht cabaret called *Love and the Revolution* at the Drill Hall Arts Centre near London's Tottenham Court Road.

Forget about the absurd pretentiousness of the title: it is the songs and the performances that count. There are two singers, both women, and a male pianist. Between them they are an ensemble, which means that they perform wonderfully well together.

The women are Carmen-Maja Antoni and Johanna Schall. The first is short and butch-looking, dressed in an unfashionable dark pyjama-ish suit. The second is taller, elegant, deliberately leggy and well-shod. She looks like a young Marlene Dietrich. She, too, is dressed in black: even the elderly pianist, Karl-Heinz Nehring, wears a black sweater under a grey sports jacket. There was always something faintly conservative, even puritanical, about the Brecht culture.

But listen. If you want to hear Surabaya – Johnny or the Kanonensong again, the magic is still there. There are also some lesser known songs like Der Kälbermarsch (The March of the Calves) which are just as haunting. I expected to write that this is a show for old addicts. The full house on Wednesday may have belied that. The audience was predominantly young, did not all understand German and had plainly not seen the Berliner Ensemble in former days in East Berlin. But they appeared to be hooked. It is cabaret at its best. The performance runs until September 13.


Alastair Muir

Carmen-Maja Antoni and Johanna Schall

Malcolm Rutherford

Vision of frozen elegance: 'The Flower Shop' by Joseph Crawhall

A passion for animals

Edwardian painters with a passion for animals are two a penny, but Joseph Crawhall (1861-1814) stands apart. Crawhall was a brilliant animal painter with a sense of design which makes his work instantly recognisable. A major Crawhall exhibition sponsored by BMW has now come south from the Burrell Collection in Glasgow to the Fine Art Society, 148, New Bond Street, London (until September 29). Crawhall's devotees will need no urging to go and if you have never seen his work it may well prove a memorable experience.

Crawhall's work has never been widely known. However, his exquisite watercolours on paper and linen were avidly bought by a small circle of wealthy admirers and above all by the millionaire Glasgow ship-owner, Sir William Burrell. My introduction to Crawhall came after the Burrell Collection opened in 1983. I went expecting glorious medieval and Oriental art, and remarkable French paintings. However, Crawhall was the unexpected element which quite knocked me out of my socks. Pigeons, fowls, scenes from the bullring, goats and scrawny Arab ponies in Tangiers, hunting-scenes and two exquisite studies of carriage-horses; for seven years, the work of this English honorary member of the Glasgow Boys has lived in the memory.

Vivien Hamilton's study, +Joseph Crawhall, One of the Glasgow Boys+ (John Murray paperback, £30.00) has been published to coincide with the exhibitions. It is a good background guide to Crawhall, the bandy-legged hard-riding bachelor drinker. And yet it does not quite pin down the man nor the essence of this talented yet risk-averse more-than-amateur, whose work barely developed in over 30 years.

Crawhall was the third generation son in a middle-class Newcastle family whose income came from a rope-making factory. He loved animals and, as is the way of small boys, would lie for hours studying beasts in the fields around his childhood home of Morpeth. His father, an extremely cultivated and powerful personality, encouraged his son's marked talent for drawing and painting animals and set him copying Thomas Bewick's animal engravings.

All his life, Crawhall stayed close to his father's working methods. He did not work from the life, giving the lie to those early critics of the Glasgow Boys who objected to their impressionist methods. Instead, he would gaze intently at his subject for an hour or more, fixing it in his memory. Later he would work out the painting, with perhaps just a scribbled note or two, and instead of using a pencil to sketch he would work directly with the brush on paper

An oil-painting in the exhibition, "A Lincolnshire Pasture," from the Dundee Art Gallery, was an early work. It shows the strong influence of the popular French academic painter, Bastien-Lepage, with its flat paint and light, greyish palette. Painted in 1883, it dates from the decade when Crawhall and the other Glasgow Boys met for for summer painting expeditions, to Crowland, the Trossachs, and Cockburnspath.

Ironically, at a time when many British would-be artists were pleading with disapproving fathers to be sent to study painting in the fleshpots of Paris, or at the least, Antwerp, Crawhall's main aim was to be left in peace. He frustrated a paternal plan for him to study at Antwerp, where many animal artists of the day learnt their business at the zoo. Two months at an *atelier* in Paris were as much as he could bear and soon after he abandoned painting in oils for good.

"Pigs at the Trough" and "The Greyhound," both of 1884, show Crawhall painting with characteristically angular, dashed black lines on paper where colours pool and wash into each other. As part of the process, he would even hold a sketch under a running-tap to let the colours merge, and then work into the wet. In the late 1880s Crawhall started to make trips to Tangiers where living was cheap, Arab horses could be bought and raced cheaply, and his wheezing Northern lungs could dry out. There was no question of going native. Crawhall was to be found in the better hotels, drinking whisky and soda and wearing a faded coat of hunting pink. Artistically, too, the eastern encounter had nothing to do with the orientalising effect travel had on so many fellow-artists. Not for him the legendary colour, clamour and violence of the East. Instead, pictures of goats and sheep capture the stillness of great heat beating on a landscape. Forms are broken up as if in the dazzle, and the shadows are blue.

One characteristic of Crawhall I have only noticed from seeing them en masse is his cold colouring. Black is used extensively as a colour, in which he shows the strong influence that Japanese and Chinese painting had on his work. Again and again, he used a powder blue on black and brown for shadows and background areas. Blue, too, ws often used for the highlights, strange and seemingly random notes which resemble the flecks of light on Edwardian photographs.

I had not noticed that in general, Crawhall's beasts are at rest. His markedly ewe-necked hunters do not trot or gallop. Even a horrible moment in the bullring in Algeciras when a horse has been gored and lifted high on the bull's horns, is a moment of frozen stillness. Memory played me false and "The Flower Shop" does not show the handsome black carriage-horse at a spanking trot along the road. Instead it stands ears back listening for the lady-driver's chirrup. This is a vision of frozen elegance and the lady, typically, is faceless.

Crawhall has moved down and not up my league table of animal artists and it may be due to his decision to paint on linen which he began in 1893. This tricky technique emphasised the mannered Japanese aspect of his work which can seem too much Liberty style. A rising trout is shown against the bare linen ground, with a pink flower (a campion, I wonder?) floated across the foreground. The effect is lovely, but more than one at a time and it begins to be dangerously chic.

No doubt the plus to using linen was the extra solidity it gave and the ability to let colours run and overlap without getting the stronger edge of colour one sees in watercolour. It was difficult to control, which may explain why Crawhall destroyed quite so much. However, with buyers clamouring for his work, the artist needed only ever to play safe and stay with his dazzling formula.

Admittedly, Crawhall was somewhat less frozen than the London selection suggests. He looks more the amateur but shows more animation in his sketches. Only one has been included in the London exhibition, showing a girl on a bicycle, the little dachshund partly obliterated by the spray of water thrown up by the speeding tyres. One of the illustrations for the Reynard the Fox fables shows a twisting, yowling cat caught in a gin trap. And yet it only conveys the exaggerated impact of a skilful illustration. I certainly would not prefer it to the "The Farmer's Boy," the rider slouched sideways on the cart-horse cooling his legs in the farm pond at evening. Crawhall's was a limited and peculiar talent, but this is all the same an exhibition worth catching.

Patricia Morison

The Cleveland Orchestra

ROYAL ALBERT HALL/RADIO 3

The Cleveland Prom on Wednesday began on the wrong foot, but it didn't matter. It was, certainly, eccentric of their conductor Christoph von Dohnányi to offer Beethoven's "Grosse Fuge" as a mere Prom appetiser. A full string band version of what was originally the Pelion-on-Ossa finale of opus 133 may enjoy safety in numbers (where quartet performers are horribly exposed), but it risks losing other things. Here, the playing was secure beyond accident; but from the start Beethoven's dramatic feints – the cunning false starts, delays and misdirections – sounded laboriously contrived, the vital screwing-up-of-tension never happened, and the effect was of a suave rondo with jerky fugal episodes. Dozens of real quartets can build this visionary construction better.

That said, it can be forgotten. The rest of the concert dazzled and satisfied: especially the former in Lutoslawski's 1954 Concerto for Orchestra and especially the latter in the Seventh Symphony of Beethoven, but neither exclusively. Lutoslawski has of course outgrown that Concerto, and no longer likes it much – it takes the ideas of his old "Paganini" Variations for pianists just a couple of steps further; but it is still a terrific tonic when administered as Cleveland gave it to us.

Despite its debt to Bartók (most obviously in the Chorale, with which I thought Dohnányi a bit severe and unyielding), not to mention different debts to Britten, its "concerto" aspect draws upon collective virtuosity much more than competitive solos or duos. The musical energy is all in the intricate, exuberant surface-play, and all the surfaces glittered: knife-edge brass, faultless rhythmic acuity from everybody, and uncanny brilliance in pianissimo – above all in the "Capriccio notturno", which was an astonishing *tour de force* of lucid whispers at rattling speed. Could any other orchestra match it?

For the slow introduction to the Beethoven Seventh, Dohnányi found just the pointful, unruffled assurance that had been missing in the "Grosse Fuge." The main Vivace danced, with muscular grace but no sharp-elbowed thrusts, just as the Scherzo did later – disarmingly light, witty and warm. In between, the famous variation-movement described a lofty, unbroken curve at an uncommonly swift Allegretto: the turn into the major key, usually treated as broad, friendly relief, came as a purposeful new step in the argument. The final Allegro, very fast, was still under sovereign control; its "con brio" was fulfilled by the tirelessly eager gleam in every instrumental voice, even in the parentheses. The virtues of sheer American professionalism get noble advocacy from the Cleveland Orchestra.

David Murray

BOOK REVIEW

Domingo lined up with Domino

THE FABER COMPANION TO 20TH-CENTURY POPULAR MUSIC
by Phil Hardy and Dave Laing
Faber £20, 875 pages

NEW SOUNDS: THE *VIRGIN GUIDE TO NEW MUSIC*
by John Schaeffer
Virgin £6.99, 301 pages (paperback

The *Faber Companion* has a cosy, ecumenical feel. If there wasn't a genre of "popular music" as reconnoitred by Hardy and Laing it might be worth inventing one, just so that Placido Domingo could line up alongside Fats Domino, Alexis Korner next to Eric Wolfgang Korngold. Entries can blithely breach real and imaginary cultural divides, hopping from jazz to opera, music hall to world music, besides homing in on the mainstreams of pop and rock.

The yardstick throughout is the record industry: "This book contains profiles of nearly 2000 recording artists who have contributed to the evolution of popular music in the 20th century", say the authors; "... The potency of cheap music has often been commented on but it is less often acknowledged that it is the recording process that has given longevity to that potency."

That is a heavy cross to bear through such a hefty volume; commercialism is no respecter of artistic worth. No doubt Nigel Kennedy is already pencilled for the reprint (at present the nearest one gets is Jimmy Kennedy, who supplied the words for "Teddy Bears' Picnic") as well as Soul II Soul (present closest approach David Soul, he of *Starsky and Hutch*, who scrapes in dubiously on the strength of some sickly '70s hits). Even Hardy and Laing's nerve fails sometimes: evidently they could not bring themselves to include Kylie Minogue and Jason Donovan (though they do embrace P J Proby, who seems to me marginally less deserving), lumping them together under the entry for Stock, Aitken and Waterman.

Proportional representation has ensured a healthy representation for the smaller markets of jazz and country music, which means there's room for Rahsaan Roland Kirk and the Carter Family.

Yet the final impression is of an artificially induced hybrid, which for all the good intentions is not really going to satisfy anyone. The ideal omnivore, as keenly interested in discovering Peter Dawson's assorted aliases as in learning the year of Robert Fripp's marriage to Toyah Willcox, simply does not exist; everyone is a kind of specialist now.

There are some areas of tokenism – is anyone really going to turn to a companion of popular music for information on Pavarotti, and if there are places for Caruso and Callas, then why not Karajan? – often it would seem at the expense of the rock entries, where there some odd omissions (no Midnight Oil, or Buzzcocks or Pogues), and the lack of cross-referencing becomes a serious handicap. Peter Gabriel may be an allowed an independent existence from Genesis, but unless you already know that Sting once led a band called The Police, or that Nils Lofgren played for Springsteen, the Faber Companion cannot help you on their subsequent careers; conversely, unless you know that half of Wham! was one George Michael, information on what was arguably the most popular confection of the early 1980s – British pop at its cheapest and most cheerful – would be closed to you too.

Which is is a shame, because so many of the entries are well written, managing to be informative, concise and critical without ever congealing into reference-book semaphore. Rock music badly needs a reliable, comprehensive dictionary, something that does not try to be all things to all consumers, and concentrates on mapping out the history of the last 40 years. The rock entries in *American Grove* showed just how it should be done, but the development of British rock and pop has never been tackled in a similar scholarly way.

The Virgin Guide to New Music, a reheated version of a book that appeared in the US three years ago, seems born out of crusading zeal for a world-embracing musical order too. "Meet the Minimalists" commands one chapter heading, "Process Music" threatens another.

"Unusual Folk Songs Arrangements" can move from a brief discussion of Vaughan Williams and Britten on one page to Lonnie Donegan on the next, while "Ethnic Music: New Sounds for Western Ears" explains the intricacies of North Indian *Rags* and Indonesian gamelans as well as West African styles.

Each chapter is bolstered by a substantial critical discography; Schaefer's listening has covered an awesome amount of ground. He's at his most convincing on the areas of genuine overlap, where the avant garde, rock and performance art collide, but when he attempts to encapsulate Stockhausen's development in a couple of pages or explore the impact of Eastern musics on the European tradition the loose ends and half truths are constantly distracting.

In the end it's unreadable – too much like a catalogue, too half-baked in its analysis. Not so much a missed opportunity in this case, then, as a thoroughly dubious concept altogether.

Andrew Clements

ARTS GUIDE

September 7-13

MUSIC

London

Promenade season at the Albert Hall
BBC Philharmonic Orchestra conducted by Krzysztof Penderecki perform The Swan of Tuonela by Sibelius and Dvořák's New World symphony (Fri) (589 9465).
BBC Philharmonic Orchestra conducted by Rudolf Barshai in a programme which includes Britten's violin concerto and Prokofiev's fifth symphony (Sat).
BBC Symphony Orchestra conducted by Günter Wand play Bruckner's fifth symphony (Sun, 8pm).
Royal Concertgebouw Orchestra conducted by Riccardo Chailly with Jard van Nes and Gösta Winbergh in Mahler's Das Lied von der Erde. Also Schumann's fourth symphony (Mon).
London Symphony Orchestra conducted by Michael Tilson Thomas with Emanuel Ax as soloist in Beethoven's first piano concerto. Other works include La Mort de Cléopâtre by Berlioz and Janáček's Sinfonietta (Wed).
BBC Symphony Orchestra conducted by Lothar Zagrosek perform second symphony by Brahms. (Thur).

Paris

Orchestre National de France conducted by Charles Dutoit, with Martha Argerich (piano), Radio France Choir (Thur) (47203637).
L'abbaye de Royaumont. Schoenberg, Donatoni, Ferneyhough and Huber concerts on Sept 8 and 16. (30353016).

Amsterdam

Kirov Theatre Symphony Orchestra conducted by Valeri Gergiev. Shostakovich, Mussorgsky (Sat). Concertgebouw (718 345).
The Cleveland Orchestra conducted by Christoph von Dohnanyi. Beethoven, Lutoslawski (Thur). Concertgebouw (718 345).

The Hague

Tzimon Barto (piano). Liszt (Sun). Circus Theatre (355 88 00).

Brussels

San Francisco Symphony Orchestra conducted by Herbert Blomstedt. Mozart,Nielsen and Richard Strauss (Tues). Palais des Beaux-Arts.
Orchestre de Paris conducted by Semyon Bychkov. Dutilleux, Shostakovich and Stravinsky (Wed). Palais des Beaux-Arts.
RTBF Symphony Orchestra conducted by Andre Vandernoot with Ulf Hoelscher (violin). Mahler and Mozart (Thur). Maison de la Radio.

Antwerp

The Monnaie Symphony Orchestra conducted by Sylvain Cambreling with Irvine Arditti (violin). Berg, Boesman and Haydn (Sat). De Singel.
Silesian String Quartet plays Haydn (Sun). De Singel.

Berlin

Berlin Philharmonic Orchestra conducted by Carlo Maria Giulini. Beethoven and Verdi (Fri, Sat). Philharmonie.

Milan

Myung-Whun Chung conducting Weber, Bruch and Berlioz (Wed, Thur). Teatro Alla Scala (80.9126).

Genoa

Manfred Honeck (conductor) and pianist Tzimon Barto in Rachmaninov, Glinka and Beethoven (Wed). Teatro Comunale (Teatro Margherita) (589329).

New York

New York Philharmonic conducted by Zubin Mehta, with Mstislav Rostropovich (cello). Mozart, Bloch, Tchaikovsky (Wed). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Key, Schuman, Copland, Mussorgsky/Kindler, Mussorgsky/Ravel (Wed). Concert Hall, Kennedy Center (467 4600).

Tokyo

Japan Philharmonic Orchestra conducted by Naoto Otomo. Takemitsu, Sibelius. Bunkamura, Orchard Hall (Tue) (477 4244).
NHK Symphony Orchestra conducted by Yuzo Toyama, with Yuri Bashmet (viola). Haydn, Brahms-Berio, Prokofiev. NHK Hall (Wed, Thur) (465 1781).
Shinsei Nihon Orchestra conducted by Naozumi Yamamoto. Takemitsu, Gershwin, Copland, Bernestein. Bunkamura, Orchard Hall (Thur) (477 4244).

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Crisis looms for the CAP

THE looming budgetary crisis in European agriculture may be developing a little too late to force the Community's hand in the Uruguay Round of multilateral trade negotiations. Yet, if they can allow themselves to be distracted from the immediate furore surrounding beef and sheep-meat, Europe's farm ministers would do well to ponder the fate that awaits them if they fluff the chance offered by the Round to tackle a problem that remains as intractable as ever.

Despite the EC's much-vaunted "success" in reducing support for agriculture over the past couple of years, expensive beef and butter mountains are now reappearing. More serious still, the grain surplus is growing at a time when world prices are falling and EC export subsidies are under concerted international attack, not just from the US but also from the Cairns group of independent producers like Australia, Argentina and Hungary.

The message may be unpalatable for French and UK farm ministers trying to calm their unruly flock of sheep farmers, but it is none the less simple and long-expected. Europe's farm budget is set to resume an unacceptable and inexorable growth path. The dairy quotas and so-called stabilisers, designed to cut the cost of the Common Agricultural Policy by reducing prices when output rose above a given target, have not worked. Instead it is now clear that such success as there has been was due above all to the impact of the 1988 US drought which pushed up world prices, reducing the European cost of support.

Not only is the drought factor now a thing of the past. US farmers took advantage of the ensuing high prices to increase their plantings. This is now adding to world excess production and, without fresh reform of the CAP, the consequence for the Community will be a bill next year, if not this, which it can ill afford.

Radical approach

The Uruguay Round offers an opportunity to pre-empt this budgetary squeeze by means of a measured international agreement to curb worldwide farm support. But if the Community is to seize this chance, it must also draw on its own recent experience and adopt a much more radical approach.

The informal offer in July by Mr Rayond MacSharry, Farm Commissioner, to cut overall farm support by 30 per cent on its 1986 level as its contribution to the Uruguay Round does not go nearly far enough. That it received the backing of both Mr Jacques Delors, Commission President, and Mr Frans Andriessen, External Affairs Commissioner, suggests a serious willingness to negotiate. However, the EC still wants to set reform targets by means of a formula-based aggregate measure of support which would exclude specific policy commitments. Its disappointing experience over the past two years suggests this could lead to the introduction of only illusory reform.

End arbitrary fixing

If Europe is to become serious about cutting farm support, it must change its policies in ways that make its farmers more responsive to normal market pressures. This implies an end to the arbitrary fixing of prices and production targets, which continued even during the recent effort at reform. These can easily be manipulated for political ends, as happened with last year's agreement to raise dairy quotas by 1 per cent. It also means curbing export subsidies and closing the loophole which permits member states to evade the impact of support cuts by setting artificial levels for the so-called "green currencies."

Such a radical approach would not rule out the possibility of direct income support to particularly hard-pressed farmers provided it was unrelated to production. Indeed this would be one way of dealing with the problems of marginal farmers in remote areas, like the British and French sheep producers who are now protesting so vehemently.

Though still expensive, it would be preferable to failure in the Uruguay Round, which in present market circumstances would surely be followed by a vicious trans-Atlantic subsidy war on world markets. That would quickly crowd out other calls on Community resources and redouble the cost of farm support.

Policies for the inner cities

IN THE three years since Mrs Margaret Thatcher launched the Action for Cities programme, there have been very few pats on the back for the Government's efforts in the inner cities. Critics have sprung from sources as diverse as the Church of England and the chambers of commerce. Too much concentration on property development and too little concern for the people who live in inner cities have been the brickbats most frequently hurled.

Memories of the days in the early and mid 1980s when Britain's TV screens showed scenes of ugly rioting and looting have faded, but there remains a very real need to make better use of the resources – people and land – in the urban areas at a time when there are shortages of both in more desirable parts of the country.

The Commons Public Accounts Committee, in its report "Regenerating the inner cities," published this week, looks more at the mechanics than at the social impact of the Government's inner cities policy. It concludes that the three main Whitehall departments concerned with inner cities – Environment, Employment and Trade and Industry – still do not liaise enough at the centre.

It notes that co-operation between departments was much better at the local level. City Action Teams were created for this purpose.

Prime example

The short history of Whitehall and the inner cities is a prime example of the problems posed by inter-departmental programmes, which still await a solution. Recognition that inner cities needed special attention dates from the 1960s. Policy rested with the Department of the Environment in the 1970s and early 1980s. Under Mrs Thatcher the focus of partnership shifted from the local authorities to the private sector. After the last election she set up and chaired a Cabinet committee on the inner cities and agreed finally – against her instinct – to appoint a co-ordinating minister. Mr Kenneth Clarke, in DTI, was the first. Mr Michael Portillo, in Environment, now has the responsibility.

It would seem to be a thankless task. Inner city funding is tiny within Environment's total in the public spending round, and small in the context of the other main departments. Nobody bids for an inner cities budget as a whole, and there are few bouquets to be won from being a co-ordinator.

Money spent

Mr Portillo's efforts are directed at getting the civil servants to persuade him that the money now being spent is having an impact. Government spending in the inner cities is running at about £3.5bn this year. The Public Accounts Committee points out that there has been no real attempt to evaluate the overall effectiveness of the multiplicity of programmes shared between departments.

There are more fundamental flaws in the Government's inner cities policy. It is a collection of programmes, some inherited, some new, some adapted. There might not be anything wrong in this. Deprivation in cities springs from a wide variety of circumstances which cannot be dealt with by a master plan.

What is missing is the determination to deal with all of the problems. Too often, inner cities are overlooked in the drafting of policy, and they suffer from the political bias against local councils.

Cuts in the funding of the new Training and Enterprise Councils will be felt in training provision in the inner cities. The refurbishment of urban housing has been hit by the new financing arrangements required by the Housing Corporation. The pressures on the inner cities will inevitably increase as a result of the slowdown in the economy. Plans for large property schemes have been put on ice. Enterprise agencies are finding it more difficult to enlist corporate support for their activities.

The social tensions which sparked the early inner cities initiatives may have eased, but the Government would be wise to give a clearer commitment, and a stronger push from the centre, to a set of programmes which are in danger of losing momentum.

Peter Montagnon on the impact of high oil prices on the economies of developing countries and eastern Europe

Sharp blow to the most vulnerable

The prospect of sharply higher oil prices has come as a rude shock to developing and east European countries struggling to break free of the vicious cycle of debt, slow growth and declining living standards that plagued them in the 1980s.

Until recently the oil price had been expected to remain roughly stable at about $17 a barrel, but with the Gulf crisis having pushed it into a trading range between $25 and $31, the economic outlook for oil-importing developing countries has suddenly become bleak, according to Mr Moeen Qureshi, senior vice president for operations at the World Bank.

The International Monetary Fund calculates that developing countries will be marginal net gainers overall from an oil price of $25 because many of them are now oil exporters. Their growth as a group would rise by some 0.2 percentage points.

Stripping the oil exporters out of the picture reveals a much less rosy picture, however. Informal estimates by other international economists suggest an oil price of $25 could knock a full percentage point off the collective economic output of the oil-importers, but the impact varies widely from country to country.

It is likely to be particularly savage on the emerging democracies of eastern Europe, on countries such as Turkey and Jordan closely associated with the Gulf economy and on the poorest countries in Africa with only limited capacity to adjust.

Even some oil-exporting nations will be affected badly by the knock-on effects of a probable increase in interest rates, economic downturn in the US and the loss of trading opportunities in the Middle East.

Bankers and economists agree that there is little immediate prospect of any large-scale mobilisation of western finance to ease the plight of poor countries, except possibly for certain selected groups such as eastern Europe. Not only is the international banking community unlikely to ride to the rescue as it did in earlier oil crises in 1973 and 1979, but aid agencies are unlikely to step up their spending. This will leave developing countries heavily dependent on their own economic adjustment efforts under the lead of the IMF and World Bank. Their ability to rise to this challenge will be crucial to their success in weathering the storm.

So far, consideration of concerted international help for the developing world has been hampered by deep uncertainty over where the oil price will eventually settle.

The impact of higher oil prices is likely to be savage on the democracies of eastern Europe, on countries closely associated with the Gulf economy and on the poorest states in Africa

As the picture becomes clearer, it is likely to become one of the main talking points of the forthcoming Bank/Fund annual meetings in Washington. But there is little evidence of appetite for a revival of the special oil facility launched by the IMF in 1974.

The actual outbreak of war in the Gulf could send oil prices soaring, possibly to $50 per barrel or more. This would create havoc in the short term but such a price level would be unlikely to be sustained. More relevant to policy planning is the prospect of a prolonged period of tension during which the price would remain high for the foreseeable future.

A lasting rise to $25 or even $30 from last year's Opec average of $16.40 would be a lesser shock than either that of 1973 when oil prices quadrupled to $12 or of 1979 when they rose by 250 per cent to $30. But many developing countries are now saddled with huge debts on which they must pay high real interest rates, especially in relation to the price trend of commodities they export.

Only a handful, such as Chile – significantly a net oil importer – have successfully adjusted to the shocks of the 1980s and are in a position easily to withstand the latest onslaught on their finances.

Adding to the problem is the prospect that the US will shortly go into recession, crimping demand for developing country exports. Though this may dampen the upward pressure on interest rates that would follow from the inflationary threat of higher oil prices, rates are still unlikely to fall as much as would normally be expected in an economic downturn.

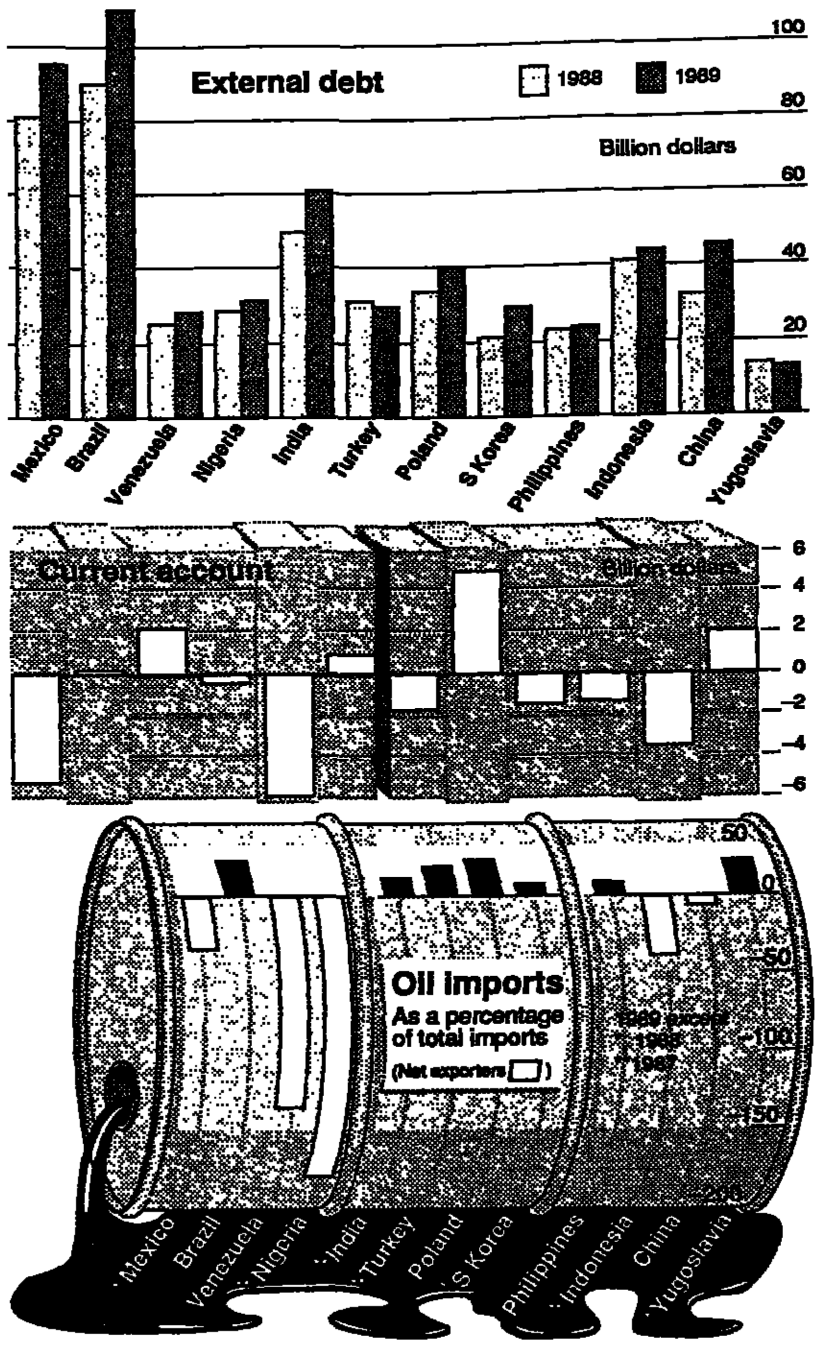
Indebted countries such as Brazil and Turkey which had large-scale trade with Iraq also face a special loss of export earnings on top of the extra oil bill, which for Turkey could amount to as much as $2bn at a price of $30.

Other ancillary effects of the Gulf crisis include disruption to Arab aid flows to developing countries, which totalled $2.4bn in 1988, and the loss of remittances from foreign workers there. This will hurt India, which receives $400m a year in such remittances, as well as Pakistan and Bangladesh. Indian government calculations show that each $1 rise in the price of oil raises its annual import bill by $282m. This year's budgetted total of $3.5bn was already adding to strain on the country's balance of payments before the crisis broke.

The only substantial gainers from higher prices would be countries which are large exporters of oil and only marginally dependent on other products for their export earnings, economists say. Prominent in this category is Saudi Arabia itself but its extra revenues are likely to be eaten up with defence and other ancilliary costs relating to the crisis.

This leaves Venezuela and Nigeria as short-term winners. An oil price of $25 would yield extra revenues for these countries equivalent to 20 per cent and 12.5 per cent of gross domestic product respectively, according to Mr Horst Schulmann, head of the Institute of International Finance in Washington. Informal estimates by one US money centre bank suggest that the balance of payments of both countries would benefit by $6bn at an oil price of $30, with an extra $1bn accruing to Venezuela on top of this as a result of increased production.

Much depends for the longer term, however, on how they spend their windfall. The danger is that it will encourage profligate government spending, undermining economic adjustment efforts. Already this week, the Nigerian central bank warned that the federal government had exceeded its targeted budget deficit for 1990 in the first half of the year. Venezuela's adjustment programme has been admired internationally but is unpopular at home. Economists say the oil windfall could cause it to slacken in its efforts.



A far smaller net gain would accrue to Mexico because of its growing non-oil trade which has made it dependent on the health of the US economy. Among leading oil-importing countries, Brazil would face an additional bill of about $1bn with oil at $25, according to Mr Schulmann. This should be manageable for a country that traditionally runs a trade surplus of between $14bn and $18bn and means that the management of its $110bn foreign debt will become only "marginally more difficult."

Nowadays Brazil only imports about half the oil it needs compared with 85 per cent in 1973. This has made it much less vulnerable to swings in the price of crude. The more worrying question is whether the upward pressure on its domestic price of oil will lead it to falter in efforts to adjust its economy and clamp down on inflation. It will also have to cope with high international interest rates and the loss of its lucrative trade with the Middle East.

In contrast, the outlook for the developing countries of eastern Europe is dire. Years of relying on cheap oil from the Soviet Union have left their economies relying heavily on oil. Now they face a two-fold blow. Not only is the Soviet Union due next year to begin charging market prices for its oil, but the market price would also have risen sharply.

According to Mr Qureshi, moving oil prices up to market rates was expected to cost the countries of eastern Europe between $8bn and $10bn even before the Gulf-inspired price increase, he says. At a price of just over $25, that bill would double.

Special arrangements will be necessary for these countries, he believes. The Soviet Union – which stands to benefit significantly from higher prices as long as it can maintain its output – will have to be persuaded to preserve some of the barter arrangements covering its oil trade with eastern Europe; the countries themselves will have to bear part of the adjustment burden and the West will have to help with extra finance. This will not be easy, however, because the countries which, in relative terms, are worst affected – Romania and Bulgaria – are least advanced in their political reforms.

Far less serious is the pressure facing the newly industrialising countries in Asia. Though they are heavily reliant on imported oil, Taiwan and South Korea should both be able to absorb a steep increase in its price.

The latter, however, posted a current account deficit of just over $1bn in the first seven months of this year and would face an additional bill of some $2bn at a price of $25. Moreover, like other newly industrialising economies in the region it is reliant on the US market which makes it vulnerable to recession there.

Some bankers say uncertainty in Japanese financial markets has created an extra potential problem for Asian countries which have grown used to sizeable injections of Japanese direct investment in recent years. Already Japanese commercial banks have become cautious about international lending in the wake of volatility on the Tokyo stock market.

The Philippines is one Asian country causing particular concern. An oil price of $25 would push up its import bill by more than $1.5bn, and it already faces difficulty financing its current account deficit.

"The Koreas of this world have always had less imbalance and they've responded more flexibly, but if a country is weak, like the Philippines, then it's different," says Ms Stephanie Griffiths-Jones of the University of Sussex. If the oil price does stay high, however, even weak countries will have little choice but to tighten their belts still further.

The abiding lesson from the oil and debt crises of the past two decades is that longer-term advantage has accrued to countries which have proved most assiduous in the adjustment effort. Oil exporters such as Nigeria, which appeared initially as big beneficiaries, have signally failed to capitalise on their advantage. Their dismal medium-term economic performance is thus in striking contrast, to that of other, less naturally well-endowed countries such as Chile.

For this reason alone, the West is likely to be much stricter in its approach than it was after the first oil price hikes, urging the governments of developing countries to avoid delaying adjustment by trying to borrow to sustain their expenditures, to curb inflation, and to continue liberalising their trade policies, even though their oil bills are rising.

A decision to pursue such a course could mean that the new oil price hike will prove a blessing in disguise for countries like India which have long succeeded in resisting pressure to open up their economies, and it is clear that even weak countries will receive little sympathy from the West unless they take this point on board.

"We regard this as fundamentally an economic problem," says one UK aid official. Developing countries were going to have to adjust anyway to higher oil prices at some time in the 1990s. It is simply that this moment has come sooner than anyone originally expected, he adds.

OBSERVER

Ice cold Frankfurters

■ Four German banks held their own seminar for the new German options exchange (the DTB) at Tokyo's Okura hotel yesterday without a single Japanese bank among the co-hosts.

Indeed there is a palpably chilly relationship developing between the two banking communities that could cool champagne. Even the statutory presents from the Germans were rock hard and of little use – in fact, pieces of the Berlin Wall.

Foreign bankers operating in Frankfurt have to get used to a feeling that they are occasionally excluded from the inner circle. But when German bank clubbishness takes on extra-territorial dimensions, even the otherwise tolerant Japanese can become a trifle irritated.

Since January the Bank of Tokyo has been offering to host a seminar in Tokyo introducing Japanese customers, who already provide nearly a third of the business on Liffe's government bond future. It will be crucial to woo those investors in large numbers if the DTB is to succeed in its rival product planned for later this year.

But while financial exchanges usually warm to the notion of well-connected local institutions doing some of their overseas marketing for them, the Bank of Tokyo has been given the brush-off three times by the Germans.

On the last occasion, the red light came so late that "the cocktail party menu had been set", according to Tetsuji Murase, managing director of the bank's Frankfurt office, who is also a DTB board member. It seems that the German banks wanted to present their own baby in Tokyo.

"If Frankfurt bankers did not make such a noise about promoting their city as a leading international financial centre, the charges of provincialism would stick less readily", comments one financial correspondent. . . Ouch!

Collier's way

■ Hinkley C, the future nuclear power station which has now cleared the hurdle of public inquiry, was the first big battleground for nuclear engineer John Collier following his appointment by the Government late last year as chairman of Nuclear Electric. That is the company which now runs the nuclear stations of the Central Electricity Generating Board.

Some 20,000 registered opponents wanted the public inquiry into Hinkley C, in north Somerset, abandoned. But Collier fought successfully for the inquiry to be completed. The report of the inspector, Michael Barnes QC, went to government this summer. His finding is a convincing "yes" for the plant.

What it means for Collier is that when eventually he submits his plans for new reactor construction he will have the option of reinstating the idea of a mini-series of four nuclear power stations based on the Sizewell B design which is now being built. Hinkley C would be the second in the series. That would be the quickest way of restarting a national nuclear power programme.

Collier assumes that almost any other kind of reactor would first have to be exposed to an exhaustive Sizewell B-type public inquiry. It took 23 months.

After history

■ Recent events might appear to have raised a few serious question marks about Dr Francis Fukuyama's vision of The End of History.

But you can't keep a good theory or a good American academic down. Yesterday Fukuyama was bringing things up to date in London before a lunch audience that included GEC's Lord Weinstock, Sir Geoffrey Howe, the Deputy Prime Minister, Foreign Office minister William Waldegrave, and Dr David Owen.

"Mr Scargill? Look, why not just send the million back – the Soviet economy needs it."

It was now very difficult, Fukuyama argued, for one liberal democracy to attack another. Yet Britain and the US were piling up a mighty military machine in Saudi Arabia to confront Iraq – "trying, in effect, to oust a bunch of 16th century Italian condottieri in order to protect the domains of a 14th century ecclesiastical family."

This, the good academic argued , merely proved his point that had Iraq and Kuwait been modern societies the invasion would never have happened, "any more than the US would consider occupying Japan a second time to ensure itself a steady supply of Nissans and Toyotas."

And far from history being over Dr Fukuyama warned of future tension between the "post historical" countries and the historical part of the world, including future difficulties likely to be posed by refugees, and the movement of large populations that are poor and unstable to ones that are rich and secure.

Noble offer

■ I was surprised and puzzled to receive through the post a photocopy of a portrait of a scowling old man. Frankly he did not look the sort of cove you would like to meet on a dark night.

The writer was a Frenchwoman unknown to me. She explained she was a collector of 19th century portraits of English gentlemen.

A sad story unfolded as I read the letter through. She was obliged by financial pressures to sell part of her collection and therefore was prepared to let me have this picture of someone bearing my family name for a trifling £110.

Adopting a robust view that my pride in the old family tree does not run to a three-figure investment in a grubby painting, I filed the letter in the waste-paper basket.

But ponder on the business opportunities this entrepreneur is opening up. Noble lineages might be created while you wait. Instant family portrait galleries might be supplied by mail order. A pictorial set of ancestors might be ordered by the square foot to cover a damp patch on the wall.

Matching dreadful old portraits to names in the telephone directory might even have a far-reaching social consequence – bringing about a spate of recruitment to the ranks of British gentlefolk.

Fresh Eire

■ Spotted in the visitors' book of a Dublin youth hostel: "It's a very nice country but it needs a roof".

POLITICS TODAY

If you want peace, prepare for war

By Joe Rogaly

There is little chance of a peaceful solution to the Gulf crisis unless the American generals now sweating it out in the desert are primed for war. This may sound hard, even super-hawkish, but think about it. If President Saddam Hussein believes that the US is likely to shrink from using military force he will keep Kuwait, and dream of his next adventure. Iraq's economy may grind to a halt; people may starve. Mr Saddam could yet survive. He can listen to the soothing tones of his fluent ministers, many of them in command of excellent English, and some of whom are no doubt telling him that the West inevitably loses interest after it begins to realise the costs of a given policy. This is the disadvantage of the "long haul" policy upon which a consensus now seems to be building up. It is always possible to hope for succour, even during a blockade.

Some circumstances do, however, look hopeless. Such circumstances must be visited upon Baghdad. The prospect of a US-led blitz on Iraq cannot be other than terrifying. It might become terrifying enough, as a mere prospect, to convince Mr Saddam that he should accede to the resolutions of the United Nations Security Council and withdraw his troops unconditionally. The foundation-stone upon which this theory stands is quite clear. A threat to use force if necessary contains no power at all if it is a bluff. Bluffs can too easily be seen through, particularly if they emanate from the government of a democracy. The logical conclusion is that if the countries ranged against Iraq are to achieve their objectives in the Gulf by

This was a time when an uncompromising statement was exactly what was required

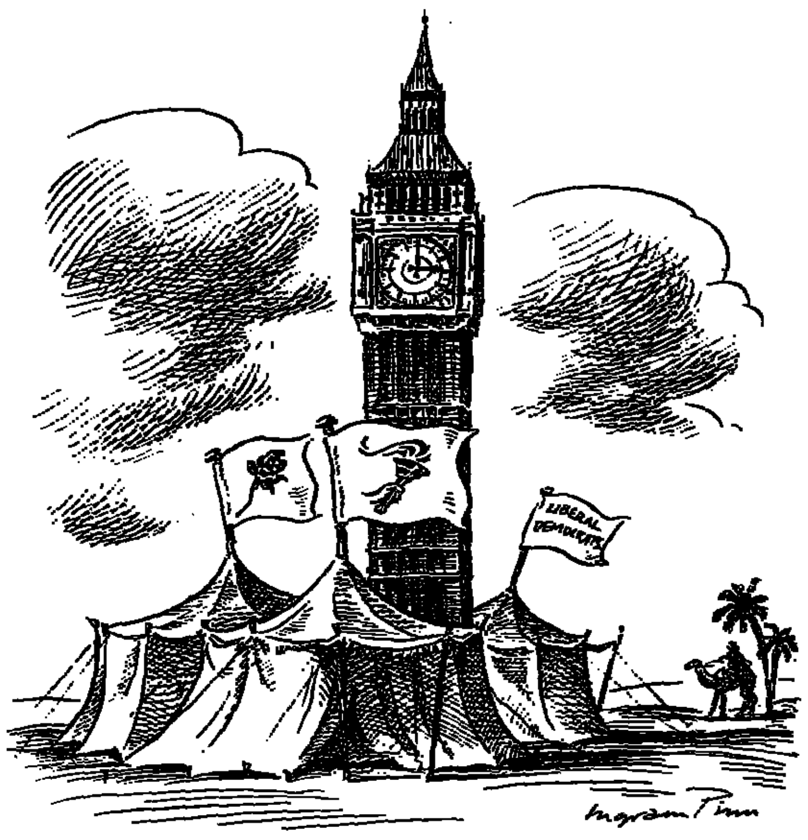
peaceful methods they must prepare for the possibility of war, and mean it.

All this is clearly understood by the British Prime Minister. It is an echo of the theory of nuclear deterrence, based on a first-strike capability and a willingness to use it. Mrs Margaret Thatcher has never hidden her belief that the world has been protected from a third global conflagration by the nuclear deterrent. The parallel is not exact: there is no intimation of any plan to use nuclear weapons against Iraq. This inexactitude is, however, of little consequence to the argument. What counts in the present crisis is that the Iraqis must be kept guessing about what might be used against them, and in what circumstances. That is why Mrs. Thatcher's speech in the House of Commons yesterday correctly left no room for doubt that if economic sanctions failed – after being given a fair chance to work – Britain would feel free to support US-led military action taken in the absence of any further enabling Security Council resolution.

If the allies assembled in the Gulf did open fire the US might argue that such action was permitted by Article 51 of the UN Charter, which stipulates that "nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security." The British Government would support this view, without equivocation. A decision that it might have to do so was arrived at immediately after the invasion of Kuwait on August 2. Article 51 was subsequently deemed to justify a blockade before the Security Council endorsed it. The same article could, in British and American eyes, justify accession to an eventual Kuwaiti request for the use of military force to drive the Iraqis out.

Mrs Thatcher would not budge from this position in the House yesterday. Resolution 661, which called for comprehensive economic sanctions expressly re-affirmed the Article 51 position, she said. "To undertake now to use no military force without the further authority of the Security Council would be . . . to hand an advantage to Saddam Hussein," she insisted. Watching her, calmly and persistently making this point under questioning in a crowded house, I could not help feeling that this was one occasion upon which a simple uncompromising statement, albeit a potentially bellicose one, was exactly what was required. This was the Prime Minister at her best.

There is a more complicated proposition, expressed forcefully by Mr Paddy Ashdown, the leader of the Liberal Democrats and in carefully-chosen words by Mr Neil Kinnock, the Labour leader. Many others follow their line, not least Mr Edward Heath. In effect, it is that the UN, not the US, must be supported by Britain. Mr Saddam defeat, Mr Kinnock said, "must be a victory for the international community." I suspect that if it came to it the Labour leader and possibly even Mr Ashdown might accept a fudged view of Article 51 and turn a blind eye to the legalistic objection that the Security Council has "taken measures necessary to maintain . . . peace," but only if those measures, namely sanctions, were failing and all other possibilities had been seen to be exhausted – and then only on the basis that a large number of allies were willing to endorse and indeed



participate in a US military strike.

This is an unsurprising stance for Britain's opposition parties to adopt. It will do little harm: Mrs Thatcher is the one Mr Saddam must watch. It also has some basis in abstract logic. A military action that seemed to be taken by the US alone, with perhaps only Britain in support, would be a political failure. It would alienate moderate Arab opinion and might dissipate the unity of the remarkable assemblage of nations gathered behind the UN resolutions and willing to back economic sanctions. A Ramboesque US military victory, if such a thing were possible, would be followed by an uncontrollable upsurge of Arab nationalism and anti-Americanism. Without unarguable UN authority for a military action, the potential consequences would include "further turmoil, terrorism, an increase in nationalism and fundamentalism, and the destabilising of strategic allies," said Mr Kinnock.

The Labour leader's argument was eloquently put. He resisted all temptations to speak ill of the Prime Minister. By the standards of past performances, he was in control of himself and the House. He clearly knew that this was the time to play the statesman, and he stretched his own capabilities in his attempt to fill the role. He developed at some length the notion of a new form of collective security based on the UN. Yet his speech is likely to be diminished by its implicit admission that it is based on unsubstantiated fears.

This is certainly my view. President Bush has so far shown no inclination whatsoever to declare war unilaterally. All his efforts, since the first day of the crisis, have been devoted to building a comprehensive international alliance. Nothing like it has been seen since 1945. The Egyptians and Syrians are in there with their own forces. The Germans and the Japanese are being asked to pay up if they will not contribute forces of their own; even the French have become very nearly team players.

Mr Bush's meeting with President Gorbachev in Helsinki this weekend is directed towards strengthening the Soviet Union's resolve to see Iraq out of Kuwait. The careful testimony given to Congress this week by the US Secretary of State, Mr James Baker is further evidence that the Americans are aware of the political dangers inherent in moving too far ahead of the field, or acting outside the remit of perceived international law. Backbench scare stories to the effect that the Yanks must be restrained owe more to latent anti-Americanism than to anything the US Government has said so far. Such arguments are best left to the egregious Mr Tony Benn. Mr Kinnock, to his great credit, has done just that.

It would, however, be wrong to dismiss the UN out of hand. In his congressional testimony Mr Baker spoke about a new "security structure" for a the Gulf region. At first it sounded like an entirely new self-appointed body. The Secretary of State squirmed a bit when reminded by Senator Claiborne Pell that the UN Charter provides for "regional arrangements." He is doubtless aware that the UN has become a different animal since the end of the Cold War. Sir Geoffrey Howe, who does not forget his title of Deputy Prime Minister, alluded to this in a speech on international law that he delivered in Queensland three weeks ago. He described the evolution of Soviet "new thinking" about foreign policy, particularly under Mr Eduard Shevardnadze, and his own experience of attending "the first meeting in living memory" of the foreign ministers of the five permanent Security Council members. That was in September 1987. The five worked together during the last stages of the Iran-Iraq war, and later in getting South Africa out of Namibia.

Parts of Mr Kinnock's speech took this story on to the heady prospect of new collective security arrangements in a post Cold War world. He allowed his enthusiasm to run ahead of what experience has taught us. "The forceful action of the world community has resulted from unprecedented agreement in the Security Council of the United Nations," he said. "I do not think that anyone underestimates either the powerful effect or indeed the great possibilities arising from that. The idea of a new world order is shifting from the realms of idealism and into the realms of realism."

The emergency debate in the House of Commons will continue this morning. The voices in favour of a peacenik approach should not be too easily derided; a real shooting war in the Gulf would be ghastly. It cannot be lightly called for. But the best hope of avoiding one is to make it clear, in the language of the Americans, that if the "long haul" fails, the world will not wimp out.

LOMBARD

No easy path for UK's Eurocrats

By Tim Dickson

The shortage of British recruits to the European Commission has long been a serious talking point in Brussels.

"Euro" civil servants are meant to forswear their national allegiance – but French, Italian and Irish Governments have demonstrated many times over the value of having countrymen in important policymaking areas to explain if not promote their national point of view.

That is the main reason why a recruitment and training scheme launched by the British Civil Service this week should be welcomed by anyone with an interest in European affairs. Designed to attract from the universities up to 30 budding Eurocrats, the so-called "European Fast Stream" could go some way towards redressing the historical imbalance.

At the very least it should increase awareness of the opportunities across the Channel, and better prepare candidates for the lengthy and uncertain application procedures adopted by the EC institutions. Unfortunately, however, the scheme is unlikely to solve the whole problem and some sceptics believe it could even be counterproductive if the UK Civil Service does not more radically reassess its attitude to Brussels.

Eager graduates tempted to sign up for the Fast Stream – which offers a programme of work experience in London before sitting the Commission's entry examinations, or "competitions" – should not automatically assume that they are embarking on a glamorous and rewarding career.

True, few Eurocrats complain about the money or perks, and most enjoy the multicultural and multilingual environment. On the other hand, the Commission (in particular), the Parliament and the Council of Ministers can be desperately frustrating bureaucracies for those anxious to get things done; they offer their employees little in the way of a structured career (certainly by Whitehall standards) and, much to the chagrin of some professionals, they have become in recent years increasingly politicised.

Much of the real power in the Commission, for example, resides with the commissioners' hand-picked "cabinets" or political advisers whose sometimes cavalier attitude can spark fierce resentment among lifelong "fonctionnaires."

Even allowing for those in every organisation bitter at being passed over for advancement, potential graduate recruits might like to take note of the strong feelings of many middle-ranking British officials inspired by the way Whitehall tends to influence appointments to the top EC jobs.

Although informal efforts are made to keep a balance between member states at all levels of the EC institutions, the bargaining only gets tough and overtly nationalistic at the A1 grade of directors general and deputy directors general (the men and women who sit atop the various policymaking departments).

Such was the case this year when two key vacancies became available in the Commission as a result of retirements – and a frantic reshuffling of the upper decks ensued. Two new British DGs and one new deputy DG emerged as part of the package to fill some slots – but much to the disappointment of those relatively senior British officials already working in Brussels all three were "parachuted in" from the home Civil Service.

This policy – and a belief that other governments are better and more enthusiastic when it comes to backing their own nationals at all levels of the Commission hierarchy – has left a generation of British officials in their late 40s and early 50s with no way left to the top. Certainly barring unexpected mishaps or resignations there will be no British A1 post on the market for many years to come.

As one who came with high hopes in 1973 put it: "I would advise graduates to go for the Foreign Office first as the easiest way to get a knighthood. Next would come the home Civil service because of the chance for a varied career and real influence on policymaking. I'm afraid that the Commission would be third because of the great uncertainty when it comes to career prospects."

LETTERS

In favour of Berlin

From Mr Jochen Thies.

Sir, My argument for Berlin as the capital of Germany – and of course as the seat of German government – is simple. West Germany must carry out in practice what we have promised during the past 40 years: that the capital of Germany will be removed from Bonn to Berlin the day the country is reunited. Until quite recently the mayor of Bonn himself argued thus.

There are other important reasons in favour of Berlin as the capital. I do not want the "Anschluss" of the GDR. The result of the coming together of the two parts of Germany will be our country's slightly changed identity. It will contain more ingredients from the German north, and – my Bavarian countrymen will forgive me – of German Protestantism. The place to form the right mix of all these ingredients has to be Berlin.

My view of a future Europe is one of a region of wealth; a region which also includes Poland, the Baltic states, Czechoslovakia and all those countries which regained their democratic traditions in the 1989 revolution in eastern Europe.

Up to now we have had a concentration of capital cities towards the west of the European Community: London, Paris, Brussels, Luxembourg and so on. Berlin would be the centre through which the EC should channel contacts and help for eastern Europe, in order to join the divided halves of the European continent.

The argument that the transition of the capital from Bonn to Berlin is too costly, and that more than 200,000 jobs in the Bonn area are at stake, is ridiculous. This is the "closed shop" view of the average civil servant – and of those who fear change in general. A country with the responsibilities Germany must now take over cannot afford to listen to those who have been privileged for too long. The wind of change is blowing, and it blows in favour of Berlin.

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From a check to a balance

From Mr David Green.

Sir, Michael Prowse (Lombard, August 29) appears to have been angered by some of the arguments in the Institute of Economic Affairs pamphlet, Equalising People. At one point he sounds a bit like "Disgusted of Tonbridge Wells" when he declares that "all this is utter nonsense."

The underlying defect in Mr Prowse's defence of egalitarianism is that he fails to recognise the harm that would result from the abuse of concentrated political power. He reveals a distaste for unfettered "market forces" but he does not acknowledge the threat offered by "political forces."

Mr Prowse refers to political decisions as if they were based on the collective will of the people, and contends that when a political party imposes taxes in the pursuit of redistributive justice, this does not equalise them as people, it only affects their material living standard. Yet the lesson from eastern Europe is that isolated individuals without material power are not much of a match for the state machine.

He speaks of collective decisions as if they were unanimous decisions, when the reality is that the pursuit of redistributive justice through the tax system has transformed democracy into a vote-buying process in which parties bid for votes by promising benefits at the expense of other sections of the population.

The concrete outcome of pursuing egalitarian goals over the past 50 years has been, not so much that the rich have been taxed to assist the poor, but that a heavy burden of taxation has been imposed on everyone to such an extent that some low earners are said to be taxed into poverty. The transfer of power has not been from rich to poor, but from every citizen to the state.

Nor has he grasped that the poorest people are at a disadvantage in a highly politicised system. In a free society poor people can fulfil their aspirations by a personal decision to work hard, abstain from spending and to save. In an egalitarian society the ambitious poor person must acquire the rare skills necessary for successful political activism.

Above all, Mr Prowse makes insufficient allowance for human fallibility.

Classical liberals face the truth that people are corruptible, and seek to take appropriate precautions. To some this is regrettable, because it suggests that classical liberals do not believe it worthwhile to strive for perfection. But to recognise the truth of a state of affairs is not to accept or condone it, nor is it to dismiss efforts aimed at improvement.

In politics, therefore, classical liberalism calls for checks and balances to prevent the abuse of government power. And in economics, competition is advocated to deter selfish conduct – and to encourage mutual adjustment between one individual and another.

The hidden assumption behind Mr Prowse's argument is the moral superiority of socialism over capitalism. But morality for socialists is concerned primarily with social justice – and social justice, on closer scrutiny, turns out to be the name for the political theory which demands the state's powers of compulsion be used to render people more equal.

At a time when eastern Europe is escaping the clutches of egalitarian socialism, we should be wary of attempts to revive similar ideas via the back door.

David Green,
IEA Health and Welfare Unit,
The Institute of Economic Affairs,
2 Lord North Street, SW1

Mr Gorbachev's policies

From Mr M.A. Buzzard.

Sir, Anatole Kaletsky says (August 20) that Mikhail Gorbachev's next scrap will be against the engineer.

Much Soviet engineering uses imported technology employed with scant regard to quality requirements.

Mr Gorbachev's policies will encourage the Soviet people to look at imports, and they will probably find that these are of better specification and quality, and will buy them (depending on the price).

It would seem more relevant, therefore, for Mr Gorbachev to push Soviet engineers to achieve much higher standards of design and quality as well as pressing for more entrepreneurs and more service industries – and even accountants.

M.A. Buzzard,
Ashcroft Creative Enterprises,
39 West End, Ashwell,
Baldock, Hertfordshire

Breaking the design mould

From Professor Stuart Pugh.

Sir, Colin Amery's article "Education should turn over a new leaf" (September 3), while both enlightening and appropriate, reiterates many shortfalls in education concerned with professions that "design."

It is my hypothesis that if most of our past students produce bad designs, then we have failed to educate and train them properly – and they could produce bad designs without any training at all.

By and large, the design professions still believe their mission is grounded in "creativity" rather than in "creative working." There is a subtle but very great difference between these two.

For creative working to be effective it needs to be structured, and must use good design methods.

This goes against the ill-founded view that structure and methods in design are anti-creative. Not true.

You say: why are "building trades, engineers, surveyors, architects and so on, all educated in their own little self-contained compartments?" The answer is: tradition based upon the cult of the specialist.

At Strathclyde we have sought to break this mould. Our engineers of all disciplines, and architects, receive a structured and methodical common course in "total design." It also allows for greater creativity in specific contexts – essential to good design.

Stuart Pugh,
University of Strathclyde,
Glasgow, Scotland

Exchange and mark

From Mr W. Grey.

Sir, For an exchange rate regime like the EMS to "improve management of the domestic economy," as Professor James Foreman-Peck (August 30) would wish, what is needed are not so much "other types of international support" as appropriate domestic institutions.

Highest among these must rank an independent central bank free from political interference and specifically mandated to maintain price stability regardless of the electoral cycle.

W. Grey,
12 Arden Road, N3

FINANCIAL TIMES
Friday September 7 1990

Aerospace industry takes a deep breath

Paul Betts reports that Farnborough Air Show exhibitors fear an uncertain future

A Boeing company doctor was on hand on Tuesday night as the US company's guests at the Farnborough Air Show danced the night away in London's Natural History Museum among the exhibits of dinosaurs and pterodactyls.

A few hours earlier Boeing's European Airbus rival had hosted a party in the cosy, country club comfort of Hurlingham, south London.

Some of the guests were still trying to recover from the previous evening's revelries when Deutsche Aerospace took them by helicopter from Farnborough for dinner in the magnificent setting of Leeds Castle, Kent.

Yet if the entertaining at this year's show has been on a grand scale, the atmosphere has been somewhat subdued. The Gulf crisis and fears of an economic recession have made the future increasingly uncertain for the aerospace industry even though Farnborough continues to break all records.

The Society of British Aerospace Companies (SBAC), organiser of the show, expects 300,000 to 350,000 visitors this year during the show's eight days. Nearly 800 exhibitors have taken space, and business has boomed with more than $13bn worth of new aircraft orders announced so far this week.

The daily flight exhibition continues to draw crowds of enthusiasts, especially when the Harrier jump jet or the Soviet MiG 29 thunders overhead, or the six-engined Antonov An 225 transport aircraft, the largest in the world, somehow manages to lift itself off the runway with unusual grace.


Soviet MiG 29 (foreground) and Sukhoi jet fighters on parade at Britain's Farnborough Air Show

However, air show connoisseurs have been disappointed because there have been no significant novelties in either the flight displays or the exhibition halls. The organisers had hoped the US would send the Lockheed-built F117A stealth fighter, but the strange bat-like aircraft, which would undoubtedly have been a show stopper, lived up to its reputation and never appeared.

As far as commercial aircraft are concerned the world is still waiting for Boeing to launch its $4bn-$5bn programme to build a new wide-body airliner, the 767X, to compete against the Airbus A330 twin-jet and the McDonnell Douglas MD-11 trijet. There had been expectations that Boeing would announce the 767X launch at Farnborough, but the Seattle-based company is still waiting for the necessary commitments from airline customers to give the project the green light.

Both the big airframe and aero-engine manufacturers acknowledged that there might be a slowdown in the rate of new orders for passenger airliners because of the uncertain economic and world political climate. They all believed, however, that long-term demand for airliners would remain strong as airlines renew and expand their fleets to meet the expected growth in air travel.

BOEING, McDonnell Douglas and Airbus all expect that between $600bn and $700bn of new aircraft will be delivered over the next 20 years.

Oil prices could have a severe impact on commercial aircraft sales if they remain high for a sustained period. However, aerospace executives on both sides of the Atlantic appeared relatively confident at Farnborough that oil prices were unlikely to reach such permanently high levels that they would badly damage the industry's longer-term growth.

Even so, they conceded that there was a far greater possibility that oil prices could remain high temporarily. That might force the industry to reduce its 20-year commercial aircraft market estimates by 10 to 15 per cent, said Mr Lou Harrington of McDonnell Douglas.

The industry also expects the defence side of the aerospace business to continue shrinking because of the longer-term impact of east-west detente and reductions in government defence budgets. The Gulf crisis is provoking a reappraisal of government defence postures, but the aerospace sector does not expect it to halt the underlying trend of military cuts. They are likely to accelerate the pace of collaboration in the defence sector.

The most immediate impact that the Gulf crisis and the economic slowdown appear to have had is to rekindle the prolonged dispute between the European Community and the US on government subsidies and supports for aerospace. The trade row has intensified again as both sides try to reach a compromise before the end of this year.

MR Jean Pierson, the Airbus chairman, accused the Americans of manipulating the dollar exchange rate to hurt European companies. Mr Henri Martre, chairman of Aérospatiale, said the US Government heavily supported its aerospace industry. US executives say Europe is subsidising its aerospace companies.

The transatlantic trade row is unlikely to obstruct the dominant trend towards international collaboration in the aerospace industry. At Farnborough, both US and European companies underlined their intention to forge closer links between their respective groups, while multiplying agreements with eastern European countries, the Soviet Union and the Asia-Pacific region.

Fed may act to offset bank credit squeeze

By Anthony Harris in Washington

MR Alan Greenspan, US Federal Reserve chairman, has said that the Fed might again ease policy to offset a growing credit squeeze by the commercial banks. This was his first clear policy statement since the Gulf crisis began.

His written remarks, made public yesterday, reinforced market speculation that the Fed might ease policy as early as today, when the August employment numbers are published.

This helped to stabilise the Wall Street bond market, despite a renewed rise in oil prices which depressed equities and the dollar.

Replying to Senator Don Riegle, Senate Banking Committee chairman, Mr Greenspan cited current Fed studies of banking policy, which show continued tightening of loan availability and wider spreads by both domestic and foreign banks.

THE Bank of England yesterday dampened speculation about an early cut in interest rates, sending a signal that monetary policy would remain tight in the effort to bring down inflation. The move took place against a background of continued conjecture that Britain might soon join the exchange rate mechanism (ERM) of the European Monetary System, perhaps as early as this weekend.
Spanish compromise, Page 1

He said the Fed "might find it appropriate to adjust policy to offset any significant additional reduction" in commercial credit.

The chairman outlined the results of a Fed survey in August of senior loan officers. He said it showed that many banks and thrifts had further tightened lending standards, especially for medium-sized businesses.

"The greater stringency encompassed some widening of spreads of loan rates over base rates and increased costs for credit lines, the Fed chairman said. He added that a survey of foreign branches, questioned for the first time, showed the same tightening trend, which was also confirmed in the preliminary results of an August survey of commercial loan terms.

"Pricing and collateralisation requirements for loans to smaller borrowers were tightened," he said.

Mr Greenspan added that an effective budget package might help to reduce the upward pressure on interest rates, and to encourage exports and investment, both by reducing the pressure on the supply of savings, and by tending to lower the international value of the dollar. The US share of international investment would also rise under these circumstances.

He added, however, that only a major deficit reduction would have any real impact. "Most econometric models suggest that it would take a major budget agreement to bring about a sustained improvement in the US trade deficit.

With only a small package, the deficit may continue to improve slowly, or it may deteriorate."

However, Mr Wayne Angell, a Fed governor, said in a speech in Texas that he now expected the US to balance its trade account by 1992. The dollar was now "clearly undervalued", and the pace of adjustment "might be excessive."

Ford UK to tighten vetting of applicants

By Diane Summers in Blackpool, England

BRITAIN'S Ford Motor Company is tightening up its internal vetting procedures for job applicants in an attempt to screen out people with "unacceptable attitudes," according to a confidential memo circulated to the group's personnel managers.

The memo advises managers to look for gaps in the employment history of job applicants, particularly between the ages of 18 and 25.

Mr Bernard Tyler, manager of personnel for Ford's manufacturing group, says in the note that any apparent over-qualification for posts held should be treated with suspicion.

"A pattern of employment solely in nationalised/public concerns may give rise to questions," continues the memo.

These measures are in addition to the more usual instructions to check up on references before a job offer is made and scrutinise any previous connections with the company.

The note says that, taken together, the steps should "minimise the risk of people with unacceptable work records/attitudes escaping detection during the selection process."

Ford, in common with many other parts of the British motor industry, has suffered poor industrial relations and strike activity among its 48,000 employees.

However, Mr John Hougham, director of personnel, has been quoted as saying that recent improvements in labour relations were behind the withdrawal at the end of July from the Economic League. This is a vetting service which supplies subscribing companies with information on the political activities of individuals.

The company's trade unions yesterday criticised the tightening up of procedures.

Mr Jimmy Airlie, executive council member of the AEU engineering union, denied there was any threat from political activists. "This could lead to decent upstanding citizens being denied basic democratic rights and being cheated out of a job," he said.

Ford said that, like many other organisations, it was standard policy to vet job applicants. "There is nothing very sinister about this," the company said.

Colombia offers deal to drug traffickers

By Sarita Kendall in Bogotá

COLOMBIA'S new president has offered drug traffickers immunity from extradition to the US and big cuts in prison sentences if they surrender to the authorities.

President César Gaviria, who took office a month ago, said the policy turnround formed part of his government's plan to end drug-related terrorism.

Those who made a full voluntary confession, including all crimes committed in other countries, and surrendered assets, would be entitled to a cut of up to half in their sentences. The information obtained would help dismantle the criminal organisations, he said.

Since the murder of the presidential candidate Luis Carlos Galan in August 1989, extradition has been one of Colombia's principal weapons in the drug war. Traffickers responded to the policy with a terror campaign in which hundreds of Colombians died.

A total of 22 Colombians accused of trafficking have been extradited to the US in the past year, and a further three extraditions were announced in Mr Gaviria's speech on television on Wednesday night.

Asked later if the legislation could be applied to Mr Pablo Escobar, chief of the Medellín drugs cartel, Mr Gaviria said it referred to anyone who confessed voluntarily to all his crimes. He emphasised that extradition was still a possibility for those who did not confess.

Mr Gaviria's move may cause dismay in the US, which is eager to see more top drug barons extradited.

However, hours before the announcement, Mr William Bennett, who heads the US anti-drugs effort, praised Colombia's efforts in the drug war.

Mr Bennett said that the Colombian Government had shown that the Medellín cartel was not invincible, and the US would respect any decision made by Mr Gaviria on extradition.

He said the change in legislation would strengthen the fight against the drug trade. It was only possible because of progress already made. He denied persistent rumours that the Government had negotiated with traffickers.

Extradition is unpopular with many Colombians, primarily because of the loss of sovereignty it implies, and first reactions suggest that the change in policy has been well received.

However, the judicial system's record in trying traffickers is extremely poor, and there is no reason to believe threats against judges will stop.

Columbian drug profits found in Japan bank, Page 7

Superpower accord

Continued from Page 1

Mrs Thatcher also announced an immediate £2m ($3.8m) in aid to countries bordering Iraq which are facing difficulties because of a flood of refugees. She said this took the total of British aid pledged to international organisations because of the Gulf crisis to £5.4m.

The recall of parliament, midway through its annual 10-week summer recess, is the 14th time it has been summoned into emergency session since the second world war.

Some opposition politicians interrupted her 30-minute speech to express reservations about the use of military force to resolve the crisis.

Spanish compromise to speed EMU

Continued from Page 1

union, for which no date has been fixed.

The European Monetary Fund, proposed by Britain as an alternative to Mr Delors' European central bank, would serve during phase two as the embryo of a unified central bank.

Monetary union proposals drawn up by Mr Jacques Delors, the European Commission president, vaguely suggest that phase two should start on January 1 1993. At present the Community is in phase one of the process towards EMU, and Mr Solchaga supports an extra year of this to assess the functioning of the EC's barrier-free single market.

This would also allow all Community members time to remove capital controls and enter the exchange rate mechanism of the European Monetary System, both of which are envisaged at the end of the current first phase of the Delors process.

Mr Solchaga, who met Mr Major in Madrid in Wednesday, said it was a pity Britain had presented its ideas as alternatives to the Delors plan. He warned that the UK would "exclude itself" from progress towards monetary union and could damage the IGC if it did not compromise. The conference will make changes to the Treaty of Rome, which established the Community, in order to facilitate monetary union.

Mr Solchaga said it was important to decide on a date for starting phase two of the Delors plan to help dispel fears that Britain's hard Ecu plan was a poorly disguised attempt to delay full monetary union indefinitely.

In pressing for 1994 for introduction of the hard Ecu, the Spanish are also echoing British fears that some low-inflation member states, such as Germany, France and the Netherlands, may favour speeding up monetary union before others have had time to bring their economies into line.

THE LEX COLUMN

A cryptic message from the Bank

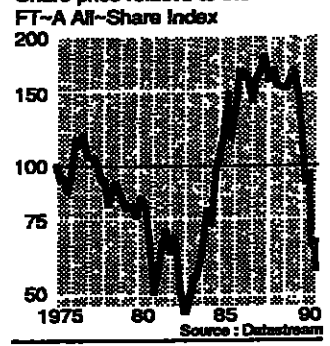
Rarely has there been such a desperate need for a good reader of Bank of England smoke signals. Was yesterday's interest rate puff from the Bank anything more than a reprimand for the money market cowboys, who have been talking interest rates down with all sorts of recession scare stories? Or does it carry a more subtle message about the timing of UK entry into the ERM? It is the sort of situation in which the City's army of economic advisers ought to prove they are earning their keep.

Under more normal circumstances, the Bank's action would have attracted far less attention. Back in June, when it sent out a similar warning, one year money was trading at 14¾ per cent. This week it has been a good half percentage point lower, with the futures market discounting a near one per cent base rate cut before the year end. Despite all the noise from the corporate sector and the 13 per cent drop in August car registrations, the UK economy is not as weak as some suggest. If the Government really wants its anti-inflation policy to be taken seriously, a panic cut in interest rates does not make much sense.

But despite the official insistence that yesterday's signal was very much a domestic affair, the exchange rate implications cannot be ignored. If ERM entry is going to be delayed into next year, sterling will need a firm interest rate prop. On the other hand, it may well be a long time before the authorities have a better chance to take sterling in at the "right rate"; so yesterday's message from the Bank might just be part of the softening up process. Choose your own ammunition.

Cookson

Share price relative to the FT-A All-Share Index



Cookson

Once a cyclical, always a cyclical. The really vexing thing about Cookson's latest collapse is the way it repeats the mistakes of 10 years ago. Then as now, it spent lavishly on acquisitions and new capacity only to be caught by recession, high interest rates and strong sterling. That time it recovered to become a wonderstock five years later. But gearing then was half what it is now.

The problem is not so much Cookson's managed businesses, where profits are down only slightly. The wickedly cyclical bit is Tioxide, the joint venture with ICI which in good years contributed half of group profits and is now turning down so fast as to make forecasts pure guesswork. Faced with the probability of having to inject fresh capital, Cookson would doubtless sell out to ICI if it could. More likely, it will have to settle for selling bits of its metals division.

After yesterday's 13 per cent fall to 112p, the shares have halved in three months. Supposing a one-third drop in full year profits to £125m, the p/e is 5.5; for the following year it is doubtless higher. The yield is 10.7 per cent, suggesting that the final payment may not be maintained. The market's deeper worry is that interest cover may fall far enough to breach loan covenants. That is almost certainly exaggerated; but it would take nerve to buy the shares all the same.

Reckitt & Colman

Perhaps Reckitt is finally shaking off its dully dependable image. Judging by the interim performance, full-year earnings could be up by 18 per cent compared with 16 per cent the year before. Similar growth is guaranteed from next year onwards as the £760m Boyle-Midway acquisition starts to kick in; or should be, if the group can grasp the nettle of currency management and improve its pharmaceuticals division.

Around 75 per cent of Reckitt's profits come from non-sterling markets. ERM entry will complicate the picture for its go-ahead European operations. US borrowings partly mitigate the effect of a weak dollar for the moment; but the group's broad view that diversity of earnings brings neutrality on currency exposure seems rather hands-off.

Pharmaceuticals could be an easier problem to solve. If Reckitt could bring itself to dispense with prescription drugs, branded products could be merged with parts of the household and toiletry division into a powerfully branded personal care division. A £150m disposal would also nicely reduce borrowings and leave more time for the international brand management Reckitt does so well. Then its prospective p/e of around 11.5 might start to seem attractive.

Enterprise Oil

The free gift enjoyed by the fund managers who took Enterprise shares when ICI placed its stake last month looks more generous by the day. The capital gain at yesterday's close of 680p is 12 per cent; and one suspects it has further to run. In spite of the accumulating evidence that Whitehall would take a very dim view of Elf Aquitaine making its 25 per cent stake the springboard for a bid, Enterprise is starting to look like those one of shares where market sentiment is minded simply to ignore any bearish omens.

On fundamentals, Enterprise's value is obviously hard to sort out. The first critical factor, determining just how large is the share price's premium to asset value, is the state of the oil market when the Nelson North Sea field starts pumping in late 1994; and that is a long shot to forecast in the middle of a Gulf crisis. But the other key issue is the success of its asset replacement. Yesterday's coyly-phrased interims hinted that Enterprise's North Sea exploration is doing very well this year; if so, the price at which ICI sold looks still cheaper.

Burmah Castrol

The 15 per cent underperformance of Burmah Castrol's shares in the last month shows natural concern over the impact of higher oil prices on a major oil consumer. Burmah is nowhere near as vulnerable as a commodity chemical producer and has a premium brand name; but a business which has been steadily expanding margins and market share in a flat market is bound to be exposed. The sharp drop in oil prices in 1986 was a bonanza for Burmah; despite yesterday's optimism from the company, it is hard to believe that higher prices will not mean the reverse. Even before the latest spike, a 4 per cent rise in Castrol profits on 4 per cent extra volume showed the strains. Although the shares no longer deserve a premium rating, SHV – the biggest shareholder – could well use any weakness to top up its investment.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	26	79
Algiers	S	35	95
Amsterdam	R	16	61
Athens	S	29	84
Bahrain	S	37	100
Bangkok	F	32	91
Barcelona	F	27	81
Beirut		-	-
Belfast	C	12	55
Belgrade	C	16	61
Berlin	S	17	63
Biarritz	C	22	72
Bombay	Dr	29	84
Bordeaux	C	22	73
Boulogne	F	17	64
Brussels	F	17	63
Budapest	F	18	66
Buenos Aires	C	16	61
Cairo	F	30	86
Cape Town	F	17	63
Caracas	F	31	88
Casablanca	C	25	77
Chicago	S	23	73
Cologne	F	17	64
Copenhagen	F	17	64
Corfu	F	25	77
Dallas		-	-
Dublin	S	13	57
Dubrovnik	F	22	72
Edinburgh	F	12	54
Faro	S	26	79
Florence	S	27	81
Frankfurt	C	17	63
Geneva	S	21	70
Gibraltar	S	29	84
Glasgow	R	11	52
Helsinki	F	13	57
Hong Kong	S	32	90
Innsbruck	S	16	61
Inverness	R	12	55
Islamabad	F	32	90
Istanbul	S	23	75
Jakarta	C	32	91
Jersey	C	17	63
Johannesburg	F	20	68
Lima	C	17	63
Lisbon	S	25	77
London	F	17	63
Los Angeles	S	18	68
Luxembourg	C	16	61
Madeira	R	22	72
Madrid	S	32	90
Majorca	S	29	84
Malaga	S	29	84
Malta	S	31	88
Manchester	F	13	57
Manila	R	31	88
Melbourne	C	12	55
Mexico City	F	21	70
Miami	S	26	79
Milan	S	22	73
Montreal	S	17	63
Moscow	C	13	57
Munich	F	18	66
Nairobi	F	23	73
Naples	F	27	81
Nassau	C	32	91
New Delhi	C	27	81
New York	C	23	75
Nice	S	26	79
Nicosia	S	27	81
Oporto	C	17	63
Oslo	C	15	59
Paris	R	20	68
Peking	S	27	81
Prague	F	17	64
Reykjavik	C	8	46
Rhodes	S	27	82
Rio de Janeiro	F	26	79
Rome	S	25	77
Salzburg	F	19	66
San Francisco	S	13	57
Seoul	C	25	77
Singapore		-	-
Stockholm	R	10	50
Strasbourg	C	18	66
Sydney	S	17	63
Taipei			
Tangier	F	26	79
Tel Aviv	F	27	82
Tenerife	S	27	81
Tokyo	F	30	86
Toronto	Fg	18	66
Tunis	S	32	90
Valencia	S	27	82
Venice	S	22	73
Vienna	F	17	64
Warsaw	F	15	59
Washington	C	22	73
Zurich	S	18	66

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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COMPANIES & MARKETS
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INSIDE

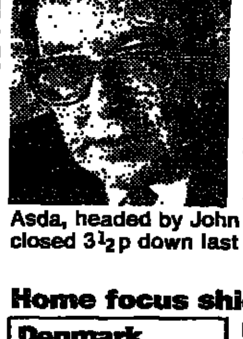
SAS plans to cut costs on staff

The air line division of Scandinavian Airlines System (SAS) is planning to cut its costs by at least 5 per cent in 1991 after suffering a 69 per cent fall in operating profits to SKr128m ($22.23m) for the first half of 1990. The carrier aims to cut staffing costs, which account for 37 per cent of its spending. During the 1980s, the SAS airline workforce grew by 25 per cent to almost 22,000, reflecting the expansion in the aircraft fleet as well as its strategy of offering quality service to business travellers. Page 26

Poulenc sells Spanish PVC unit

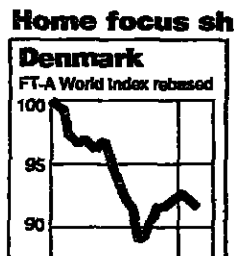
The French state-owned chemicals group Rhône-Poulenc has sold its Spanish polyvinyl chloride division to Atochem, the chemicals subsidiary of the state-controlled oil group Elf Aquitaine. The deal, at an undisclosed price, completes Poulenc's withdrawal from PVC begun 10 years ago, and is part of a wider refocusing of the group's Spanish operations away from base chemicals and towards higher value added products. This is in line with Poulenc's strategy in the rest of the world. Page 26

Belzbergs sell Asda stake



The Belzberg brothers, the Canadian corporate raiders, have sold their 5.45 per cent stake in Asda ending the bid speculation that has surrounded the food retailing group for over a year. The stake of 64m shares was placed yesterday at 106p per share with a wide spread of institutions. Shares in Asda, headed by John Hardman (above), closed 3½p down last night at 109p. Page 31

Home focus shields Denmark



From the foreign investor's point of view, most Danish shares are an acquired taste. The market has a strong domestic focus and, therefore, international events, such as the Gulf crisis, make less of a blip on dealers screens in Copenhagen than in many other world trading centres. Recent events on the home front have had an impact, however. Back page

Minimum aluminium

The latest commodity to be affected by the Gulf crisis is aluminium as prices have soared to a 15-month high on fears that planned increases in smelter capacity in the Gulf region will be delayed or cancelled. Demand for aluminium is already running ahead of production capacity and some analysts suggest that primary aluminium output needs to rise by 3m tonnes to an annual level of 17m tonnes by 1994. Roughly 700,000 tonnes of this required new smelter capacity is scheduled to be built in the Gulf in the next few years. Page 34

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bilfinger & Ber	893	+	18
1120	60	+	50
Falls			
Colonia Versich	1120	−	60
Heidelberger Z	1100	−	50
KHD	207	−	10
Philips Kommun	526	−	14
Zanders Fein	235	−	10

NEW YORK ($)

Rises			
Mobil	66⅝	+	⅝
NL Industries	13¼	+	¼
Falls			
Limited	15⅜	−	1⅜
Motorola	63⅝	−	5½
J.C.Penny	45⅞	−	1
Procter & Gam	76½	−	1⅛

PARIS (FFr)

Rises			
Skis Rossignol	987	+	63
Falls			
Bouygues	500	−	23
Epeda-Bertrand	901	−	51
Havas	491.1	−	28.9
Intertechnique	1090	−	59
Poliet	472	−	33

TOKYO (Yen)

Rises			
Dowa Mining	769	+	99
Maruetsu	2450	+	350
Nippon Gas	1230	+	170
Falls			
Kimura Chem	680	−	79
Sailor Pen	1370	−	120
Tokushu Pap	1260	−	120

New York prices at 12.30pm.

LONDON (Pence)

Rises			
Acatos&Hutch	123	+	12
BM Group	260	+	8
INSTEM	90	+	5
Reckitt&Colman	1159	+	20
Ultramar	376	+	10
Falls			
Bass	985	−	33
Brent Walker	147	−	19
British Land	268	−	12
British Vita	173	−	12
Cookson	112	−	17
Costain	196	−	12
Courtlds Text	231	−	12
GEC	177	−	7
Grainger Tst	110	−	15
Granada	186	−	6
Grovewood	67	−	7
P & O Defd	512	−	23
Polly Peck	281	−	23
Prudential	202	−	12
RMC	547	−	30
Royal Ins	406	−	12
Rugby Grp	128	−	11
Thames TV	387	−	14
Wessex Water	203	−	9

Renault seals Mack deal with raised offer

By Martin Dickson in New York

RENAULT, the French motor group, yesterday won agreement with the board of Mack Trucks for a takeover after raising its offer for the ailing US truck manufacturer from $6 a share to $6.25.

Renault already owns 44.5 per cent of Mack stock and will pay $103m to buy out the majority shareholders.

It launched its bid in July partly out of concern at Mack's deteriorating financial position. But two weeks ago, in what now appears to have been a negotiating tactic, the French company hinted that it might be having second thoughts about a deal. Renault said it was troubled about new loss forecasts from Mack and had asked its advisors to reconsider its options.

Mack forecast that its loss for 1990 would be $180m on sales of $1.5bn, compared to earlier expectations of $130m on sales of $1.68bn.

Renault yesterday offered no explanation for its decision to increase the offer, other than that it followed "long and good" talks with the Mack board's special negotiating committee.

The deal seems to rule out the possibility of a rival offer for Mack from Navistar, the leading US heavy truck maker, which said in July it might make an offer if Renault were prepared to sell its stake.

Mack's problems stem partly from the weakness of the US truck market, partly from its large debt burden, and partly from a series of strategic errors over the past year.

A better time, however, has been had by MAN, the West German truck, engineering and steel trading group, writes Katharine Campbell in Frankfurt.

Its net income climbed by about 25 per cent according to provisional figures for the year ended June 1990.

The advance came on the back of buoyant demand for capital goods both domestically and abroad. MAN estimated net income for 1989/90 at DM320m ($204.8m), and indicated that it would again increase its dividend – from DM8 last year.

Group sales, of which 61 per cent stem from outside Germany, amounted to DM18.95bn, 11 per cent higher than a year earlier.

Orders on hand at the end of June were valued at DM16.84bn, up 10 per cent, which the company said secured solid prospects well into the current financial year.

Orders received during the year had grown 9 per cent to DM20.7bn, with the commercial vehicle and printing machinery sectors contributing strongly, as in previous years.

Other divisions singled out as boosting orders were Ferrostaal, the steel trading operation; MAN Gutehoffnungshütte, which manufactures plant and equipment, as well as the diesel engine, turnkey plants and pipe systems divisions.

Goodman creditors to present debt terms

By Maggie Urry in Dublin

MR PETER Fitzpatrick, the examiner appointed to oversee the affairs of Mr Larry Goodman's financially troubled Irish meat-processing group Goodman International, has called a meeting with the group's 33 banks. Talks are to be held in Dublin next Wednesday at the head office of Allied Irish Bank.

At the meeting banks are expected to ask for security to back loans and for better terms on the debt if they are to continue supporting the group once the examiner's task is completed.

Irish-based Goodman International, Europe's biggest exporter of beef, has short-term unsecured debts of I£460m ($788.9m), and banks have guaranteed a further I£200m against beef contracts.

Last month Goodman International admitted it was in discussions with its bankers after payments of I£180m due from Iraq were frozen following the invasion of Kuwait.

Mr Fitzpatrick, of Coopers & Lybrand, the accounting firm, was appointed examiner by the High Court in Dublin last week under new legislation. He was originally given 21 days to prepare a report on the financial condition of Goodman International, but an extension to October 10 was granted by the court.

Although the directors continue to run the business, Mr Fitzpatrick has the power to sell assets and borrow funds. He has already borrowed I£25m to cover immediate working capital requirements as the autumn slaughter season for cattle gets under way.

The examiner has also been granted the same authority over Goodman's interests in Britain which are grouped under Anglo Beef Processing. The company contributes about 20 per cent of group turnover and accounts for about 10 per cent of all cattle processed in the UK.

Assurances have been given to the National Union of Farmers of England and Wales about the group's future within the UK.

Meanwhile, the Irish police are continuing an inquiry into a possible fraud against Mr Goodman involving I£25m. It centres on possible irregularities in a transaction to secure a loan made by one of Mr Goodman's companies to Mr Joseph Kenny, an Irish businessman.

Sir Michael Colman: had good news for a gloomy market

UK food groups buck downward trend in results

By Clay Harris in London

FOOD and household products companies – classic defensive refuges in hard economic times – continued to provide a ray of sunshine in the embattled London market yesterday.

After bad results from many other UK companies, especially in construction and insurance, Reckitt & Colman and Booker pierced the gloom with interim pre-tax profits increases of 15 per cent and 19 per cent respectively.

Reckitt, the brand-rich manufacturer of Colman's and French's mustards, Harpic lavatory cleaner and Lemsip cold remedies, reported pre-tax profits of £113.2m ($214.9m).

Booker, the UK's leading cash-and-carry wholesaler, also markets salmon, chickens and turkeys, and sells health food. Its first-half profits rose to £36.1m.

Mr Jonathan Taylor, Booker's chief executive, commented: "The spread of our businesses within the food chain continued to be a source of strength."

Yesterday's results followed similar encouraging figures on Wednesday from Hillsdown Holdings, whose breadth of food interests enabled it to overcome a decline in profits from beef, furniture and housebuilding.

Cadbury Schweppes, the confectionery and soft drinks group, last week reported an 11.5 per cent rise in profits.

All four companies also have the advantage of broad geographic exposure.

Reckitt, for example, achieved its advance in spite of a 15 per cent decline in the contribution from the UK, which accounted for only 22 per cent of first-half trading profits.

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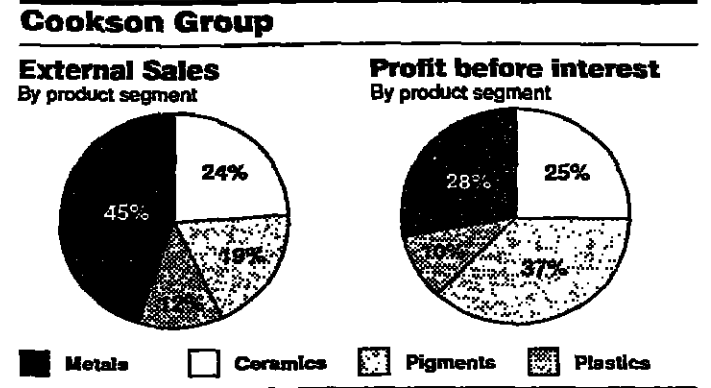

Cookson may sell metals units to cut borrowings

By David Owen

COOKSON GROUP, which yesterday announced a 26 per cent fall in interim profits, is considering selling some of its metals businesses as part of a substantial restructuring to pay down debt.

The debt was taken on to finance the company's diversification into ceramics and plastics, where the group, formerly known as Lead Industries, now sees its future.

For the six months to June 30, pre-tax profits fell to £71.4m from £96.3m. Operating performance lagged 1989 levels by only 6 per cent, however, and the deterioration was principally due to a near doubling to £38.5m (£20m) in net interest payable.

Turnover advanced 11.5 per cent to £1.06bn (£949m). After rising marginally in early trading, the shares tumbled 17p to 112p.

Mr Michael Henderson, chairman and chief executive, said that attention was being directed to "those businesses which no longer fit the group's strategy for the 1990s."

"In order to support those businesses we want to grow for the future, we are going to take some tougher restructuring action on the ones which are part mainly of our metals sector," he said. "What I am thinking of selling is more likely to be in that metals segment."

Mr Henderson drew a distinction between businesses owned by Cookson prior to 1985 and those acquired since that date.

The recently-acquired businesses, he said, "have performed exceptionally well in the last two to three years; if we have had problems it has been with the old part of the group."

He said the debt was taken on in a deliberate attempt to reduce the effects on the group of Tioxide, Cookson's 50/50 titanium dioxide joint venture with ICI, "and get into businesses that we felt were going to be much stronger in future."

In the latest period, the metals division contributed 45 per cent of sales (down from 50 per cent in 1989) but only 28 per cent of operating profit (up from 25 per cent). Cookson said that all businesses performed well with the exception of UK secondary aluminium.

The unit comprises businesses engaged in a wide range of fields, including brass milling and precious metals. In 1989, lead, tin and antimony products accounted for almost 50 per cent of the division's turnover.

Mr Henderson also indicated yesterday that the sale of the group's stake in Tioxide was possible at the right price.

"Tioxide is a question all of its own," he said. "The two options there are clearly just to stay as we are or to consider some divestment strategy. But really our plan at the moment is to stay as we are."

Tough restructuring action will be taken in order to support and expand remaining businesses

If Cookson does retain its investment, it may be forced to inject fresh equity capital into the business to help finance a £300m to £400m programme of investment over four to five years.

Mr Fergus Munro, director of finance and planning, described this as "quite likely," but said that neither the amount involved nor the timing had been determined. Most of the sum required could be financed on Tioxide's own balance sheet, he said.

Whatever its ownership, the current year is unlikely to be a vintage one for Tioxide, with first-half trading profit down 5 per cent and the outlook for the second half "uncertain."

Second-half profit "is unlikely to achieve the levels of the first half," the group warned. Since May, the business has been hit by the weakening of the US dollar against European currencies, which has put pressure on European prices. The first-half performance of ceramics and plastics – which the management regards as the group's two core divisions – diverged markedly. Operating profit at ceramics fell from £36.7m to £27.4m, in spite of sharply increased sales at £251.8m (192.7m); those at the smaller plastics unit nearly doubled to £11.5m (£6.7m) on turnover of £130.4m (£92.6m).

The group blamed the reverse in ceramics on the record of the minerals businesses "which experienced a £12m contraction in profitability," although the unit "experienced much more difficult trading conditions throughout the first half."

"What were super profits are now just reasonable profits", said Mr Henderson, commenting on the minerals businesses' situation. Last year's acquisition of the US-based Flo-Con slide gate business has "considerably strengthened" the performance of Vesuvius refractories, the company said.

While first-half interest charges were markedly higher, Cookson has cut its debt-load from around £600m in January to below £550m at present, Mr Henderson said.

This takes into account the proceeds of the group's £38m sale in July of a 7.9 per cent stake in Johnson Matthey, the precious metals specialist. It does not include £64m of 5¾ per cent redeemable convertible preference shares issued in May 1989 by Cookson's Netherlands Antilles subsidiary.

Under certain circumstances, these may be redeemable at a premium equivalent to an effective yield of 11 per cent. The group has yet to provide against this eventuality. It said yesterday that the situation would be reviewed at the end of the current financial year.

After deducting tax at a higher overall rate and minority interests of £2.2m (£1.3m), earnings per share slumped to 11.4p (16.4p). An unchanged interim dividend of 3p was recommended.

Lex Page 24

UBS airs its Eurotunnel worries

By David Lascelles in London

UNION BANK of Switzerland, the largest Swiss bank, added to Eurotunnel's woes yesterday by stating publicly that it had serious reservations about the planned refinancing of the troubled project, to which it is one of the main bankers.

Mr Robert Studer, the president of the bank's executive board, told a London press conference that "We have taken a tough stand" in the recent talks to raise an extra £2bn of loans.

He was speaking only 24 hours after leaders of Eurotunnel's 210 bank consortium held an emergency meeting to explore ways of bridging the £700m shortfall in new loans. The money is part of a £2.5bn equity and loan package which Eurotunnel needs to cover its soaring costs, now put at £8.5bn.

Mr Studer did not go so far as to say that UBS would refuse to contribute new money. But his bank is insisting on firm commitments of new equity as a condition for more bank loans. Eurotunnel has a pre-underwritten £500m rights issue, but it is conditional on banks coming up with their £2bn.

UBS also objects on principle to the fact that changes have been proposed to the agreement under which banks made their original commitments.

Mr Studer stressed that UBS' reservations centred on the finances of the 50 km project rather than its soundness. "We have held the view that there are no technical or engineering problems which cannot be solved. We still have the view that it's a feasible project."

But UBS had always thought that there would be difficulties in a project of this size, he said, and it believed that it should put up reserves against its exposure. UBS is currently committed to lend £128m, of which only part has been drawn down.

Other bankers expressed puzzlement at the strength of Mr Studer's comments, specially since syndicate leaders were under the impression that UBS had already agreed to advance fresh money. But other executives at UBS said the bank had taken a tough line all along and had sometimes found itself outvoted on key decisions. Mr Studer himself felt there were strong points of principle involved, and "contracts are not just pieces of paper."

At Wednesday's meeting, the syndicate leaders decided they would have to make further efforts to persuade the 90-odd banks which had refused to lend more money to change their minds. They have until the end of this month before delays start jeopardising the rights issue.

UBS forecast, Page 28

INTERNATIONAL COMPANIES AND FINANCE

Third-quarter rise for CIBC

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce has registered slightly improved third-quarter earnings, confirming that the tough international banking climate has so far done less damage to the big Canadian banks than many of their US and Japanese counterparts.

CIBC, Canada's second largest bank, saw net income rise to C$197.9m (US$171.15m) in the three months to July 31, from C$194.6m a year earlier. Per share earnings dipped to 97 cents from C$1.04, reflecting a larger number of shares outstanding and extra dividends paid on new preferred shares.

Losses at CIBC's 62 per cent-owned securities subsidiary Wood Gundy trimmed the bank's earnings by C$15m.

Earnings for the first nine months of fiscal 1990 climbed to C$600.1m from C$576.7m. But losses at Wood Gundy have cost the bank C$32m so far this year.

CIBC is the last of the six big banks to report third-quarter earnings. Although all have been hurt by the impact of high domestic interest rates on lending margins and on their customers' creditworthiness, the banks are generally in better shape than they were at the start of the 1981-82 recession.

Mr Hugh Brown, banks analyst at the securities firm Burns Fry in Toronto, predicted yesterday that the banks' earnings will continue to decline over the next few quarters.

But he added that "they're in a lot less trouble than the Americans or the Japanese. They've been more risk-averse than most other banks around the world."

Even National Bank of Canada, whose third-quarter earnings were hit by a write-off of its loans to real estate developer Mr Robert Campeau, earned a 12.8 per cent return on shareholders equity in the first nine months of fiscal 1990. Royal Bank of Canada posted a nine-months figure of 18.8 per cent, which is among the highest returns of large North American banks.

CIBC said its loan losses on normal credit business rose to C$104m in the third quarter from C$80m in the previous three months. Losses for the year as a whole are estimated at C$360m, up from C$313m.

Assets rose by 12 per cent in the past year thanks largely to strong residential mortgage lending, corporate loans and bankers acceptances. A bank official said, however, that demand for mortgages was showing signs of slowing.

CANADA'S BIG SIX BANKS
Earnings for the three months ended July 31
(last year in brackets)

	Net income (C$m)	Assets on July 31 (C$bn)
Royal Bank	230.4 (239.1)	124.0 (114.9)
CIBC	197.9 (194.6)	111.1 (100.0)
Bank Nova Scotia	120.4 (157.4)	85.7 (80.3)
Bank of Montreal	120.2 (111.0)	82.8 (80.3)
TDB	140.3 (172.7)	67.6 (63.2)
Nat. Bank Canada	22.0 (65.5)	36.9 (33.2)

Burmah Castrol up 3% after tough spell

By Richard Gourlay in London

BURMAH Castrol, the specialist lubricants and chemicals group, reported a 3 per cent rise in pre-tax interim profits to £79.2m yesterday after what it described as its toughest six-month period this decade.

Group sales rose 4 per cent to £831.7m on which the company said gross margins were maintained. Earnings per share rose 3 per cent to 24.7p and the company raised the interim dividend by 0.5p to 8.5p.

However, the City continued to believe the company will be hit by sterling's strength, and the slowdown in business activity in its main markets and the share price closed down 9p at 506p.

Mr Lawrence Urquhart, chairman, warned that market conditions for a number of its sectors would remain tough throughout the year and currency gains in the first half would turn to losses if sterling remained at current levels.

Mr Jonathan Fry, Burmah Castrol's managing director, said the Gulf crisis was beginning to force up prices of base oils, the raw material for the main lubrication division which supplied 66 per cent of trading profits in the first half. As medium term supply contracts began to expire during the autumn the effect of higher prices would become more acute.

Mr Fry said he was confident Castrol would be able to pass on the higher prices to its customers as it had always succeeded in doing during earlier oil price crises although in some countries this might prove more difficult.

The sale of Premier Oil in August for £138m has reduced Burmah Castrol's gearing from 30 per cent at the interim stage in 1989 to less than 10 per cent. The loss of consolidated earnings from Premier would be more than made up by increased interest payments in the second half.

First-half trading profits in lubricants rose 10 per cent to £60.3m, with £3.1m of that coming from currency gains.

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Goodyear warns that jobs may be shed in Europe

By John Griffiths

GOODYEAR Tire & Rubber expects to move deeper into loss in this year's third quarter and is planning to cut nearly 1,200 jobs from its European operations.

A net loss of $65m for the quarter is being forecast by Goodyear, the only remaining US-owned large tyres group, which was recently demoted by Michelin of France from its position as the world's biggest tyre maker.

The forecast compares with a net profit of $70.5m in the same quarter of last year. It will follow a second-quarter loss of $9.4m, which represented only the second loss by Goodyear for more than a decade.

Goodyear's forecast is only the latest of a series of depressed results and gloomy predictions from a world tyre industry beset by shrinking markets, squeezed profits and over-capacity.

On Wednesday Pirelli Tyre Holdings reported a 61 per cent drop in first-half profits, barely 24 hours after Continental of West Germany, the world's fourth largest tyres group, had reported first-half profits down 39 per cent.

Michelin has also warned it faces three or four "difficult years" in which losses cannot be ruled out.

Goodyear last night did not identify where the job cuts would fall in Europe. It added that the cuts, which would be completed by mid-1992, were part of a realignment of tyre marketing, distribution and production support operations in the region.

This restructuring, already under way, was said by the company to be partly responsible for record third-quarter charges totalling $63m , or $51m after tax.

Some $43m of this is accounted for by the European moves, the phase-out of medium and heavy truck tyre production at Valleyfield in the Canadian province of Quebec, the rationalisation of some associated production operations in North America and job cuts at other locations.

The remaining $20m is made up of environmental clean-up costs associated with operations discontinued several years ago.

Goodyear said it expected no let-up in the highly competitive conditions for the rest of the year and warned of a general economic downturn at the end of the year and into early 1991. The Gulf crisis also raised the prospect of higher raw material costs and heightened market uncertainty.

Despite this, it expected net earnings in the final quarter to be similar to last year's $14.7m.

France sells bonds worth FFr9.13bn

By George Graham in Paris

THE FRENCH Government sold FFr9.13bn of bonds at its regular monthly auction yesterday, in a weak market where yields rose significantly against a background of soaring oil prices and domestic political uncertainty.

Yields were 3 to 7 basis points higher than the previous day's close, and 83 to 89 higher than the last government auction, which took place on the day of Iraqi invasion.

The Government sold FFr2.2bn of its benchmark 10-year bond OAT 8.5 per cent 2000 at a cut-off price of 88.52, giving a weighted average yield of 10.45 per cent. The OAT 9.5 per cent 1998 sold FFr2.65bn at a cut-off price of 95.02, yielding 10.45 per cent.

The longer OAT 8.25 per cent 2004 saw weaker demand, with FFr1.04bn of the FFr1.65bn bids served at a cut-off price of 83.47, yielding 10.6 per cent.

The Government also accepted bids for FFr3.24bn of the floating rate OAT TRB 1993, last auctioned in December 1989. The cut-off price was 99.57, giving a yield 21 basis points above the average of the 13 week Treasury bill auction.

Rhône-Poulenc ends PVC link

By William Dawkins in Paris

RHONE-POULENC, the French state-owned chemicals group, yesterday sold its Spanish polyvinyl chloride (PVC) division, so completing a withdrawal from PVC production begun 10 years ago.

Atochem, the chemicals subsidiary of the state-controlled oil group Elf Aquitaine, which bought Rhône-Poulenc's French PVC activities in 1980, is taking over the Pta18bn ($183m) per year turnover division for an undisclosed price.

The deal is part of a wider refocusing of Rhône-Poulenc's Spanish operations away from base chemicals and towards higher value added products, in line with the group's strategy in the rest of the world. From now on, all its Spanish operations will be regrouped under one company, Rhône-Poulenc Quimica.

The deals also represent the latest step in Rhône-Poulenc's attempt to divest non-essential activities to help pay for an ambitious series of acquisitions over the past 18 months. "Together, these operations constitute an exemplary illustration of the strategy of Rhône-Poulenc," said Mr Jean-Marc Bruel, group managing director.

Rhône-Poulenc has also agreed with Erkimia, a subsidiary of Ercros, one of Spain's largest chemicals groups, to set up two ventures in Spain, making polyvinyl alcohol and acetates, the French group said yesterday.

At the same time, it is to buy from Elf Aquitaine two plants producing a chemical used in making animal feed. Based in France and Spain, the two plants reported combined annual sales of FFr63.5m ($12.12m) last year.

SAS plans to cut costs by 5%

By John Burton in Stockholm

THE airline division of Scandinavian Airlines System (SAS) is planning to cut its costs by at least 5 per cent in 1991 after suffering a 69 per cent fall in operating profits to SKr128m ($22.24m) for the first half of 1990.

The carrier is aiming to save at least SKr1bn of its current budget of SKr20bn by slimming personnel costs, which account for 37 per cent of its spending.

The workforce during the 1980s has grown by 25 per cent to almost 22,000, reflecting the expansion in the fleet as well as its strategy of offering quality to business travellers.

Although personnel costs are generally on the same level as other European airlines, productivity and efficiency are lower than most of its competitors, according to SAS.

Personnel costs are making SAS less competitive on its long-distance intercontinental routes, the least profitable segment of the carrier's business, since the wage bills for rival non-European airlines are about half that of SAS.

The airline is considering hiring more part-time workers and offering lower wages to newly-hired employees, but it does not rule out the possibility of some dismissals. These measures, among some 50 being discussed by management, are still subject to negotiations with the unions.

The challenge facing SAS is how to maintain its superior quality reputation in the midst of a cost-cutting programme. "It is too early to say what impact these measures will have on customer service," an SAS spokesman yesterday.

Glaverbel reassures on Gulf fears

By Lucy Kellaway in Brussels

GLAVERBEL, the Belgian glassmaker, yesterday took the unusual step for a Belgian company of issuing a lengthy statement designed to reassure the market that it was not greatly exposed in the short run to events in the Gulf.

However it warned that should the crisis proved prolonged it would have to postpone planned investments and maintain production at a lower level.

The company said it was less exposed to an increase in the oil price than commonly supposed, as, following the installation of more efficient production methods, energy costs only accounted for 3 per cent of turnover.

Moreover, its present stocks were high enough to leave its 1990 profits little affected.

Should the world's building and car industries go into recession as a result of the crisis, the group would be protected to some extent by its high proportion of value added products and by recent diversification into other sorts of glass making.

An increase in Belgian inflation would be harmful, the company said.

This catalogue of risks was delivered with the group's results for the first half of 1990 which show a 2 per cent increase in net profits to BFr1.4bn ($43m), and a 4.7 per cent improvement in turnover to BFr13.9bn.

The group said the result was achieved despite an increasingly uncomfortable industry background, in which glass makers have been squeezed by higher interest rates and competition.

The group, which has said previously that it would like to increase its capital base, said yesterday that this continued to be its intention, although it could not do it until the position on the financial markets improved.

COMPANY NEWS IN BRIEF

SCHINDLER, the Swiss lift company, reported a 6.8 per cent rise in first-half operating income to SFr1.8bn ($1.3bn) from SFr1.69bn, but said foreign exchange rate factors produced a 10.6 per cent fall in order intake to SFr1.75bn, Agencies report. It expects consolidated net profit in 1990 to be higher than the SFr111.3m in 1989 "unless extraordinary events occur."

■ Otis Germany, a unit of United Technologies of the US, is to buy a majority interest in Berliner Aufzugs- und Fahrtreppenbau, an East German lift maker, Agencies report. The company is a unit of a government-owned conglomerate. The operation will use Otis designs, technology, and installation and maintenance methods.

■ UCB, the Belgian pharmaceutical and chemical company, reported consolidated net profit, lifted by a factory sale, up 30 per cent to BFr1.3bn ($40m), Agencies report.

INTERNATIONAL COMPANIES AND FINANCE

Nickel decline hits Western Mining

By Bruce Jacques in Sydney

WESTERN Mining, the diversified Australian mining group, has suffered a setback in operating earnings in the year to the end of June, following a big decline in its core nickel operations.

The company yesterday announced a 4 per cent fall in pre-tax earnings to A$371.6m (US$303.2m) from A$386.9m despite a 14.5 per cent rise in revenue to A$1.4bn from A$1.2bn.

Pre-tax earnings from the company's nickel operations more than halved to A$125m from A$264.8m due to a 32 per cent dip in US dollar prices received.

But the company was saved from reporting a lower bottom line result by a mandatory change in accounting treatment of abnormal items.

The company's abnormal loss in the previous year was A$108.6m, mainly reflecting write-offs in recently-acquired north American gold operations.

But in the latest year, the abnormal loss was A$7.8m

The company also had a sharply reduced tax bill, down to A$16.3m from A$82.1m, mainly reflecting a big lift in rebateable dividends and exempt gold income.

The end result was a 65.7 per cent boost in stated earnings available to shareholders, to *A$351.6m from A$212.2m.* Annual dividend has been held at 30 cents a share.

The directors said the company's share of earnings from Alcoa of Australia, its integrated aluminium associate, rose 35.6 per cent to A$334.2m from A$246.3m and dividends received rose to A$263.2m from A$113.6m.

The result was after interest charges of A$58.8m against A$47.5m previously and depreciation of A$192.3m compared with A$147.6m.

Central Norseman Gold Corporation, Western's main listed gold offshoot, has reported a 50 per cent reduction in losses in the June year, to A$10.3m from A$20.5m.

Bankorp reports loss of R368m

By Philip Gawith in Johannesburg

BANKORP, the banking arm of the Sanlam group and one of South Africa's four largest commercial banks, yesterday announced a taxed loss of R368.4m (US$143.3m) in the year to June following a tidying up of its balance sheet which should allow a modest return to profitability in the year ahead.

Mr Piet Liebenberg, executive chairman who was appointed in the last month of the financial year, and former chairman Mr Derek Keys say rationalisation moves are well under way and should show a more meaningful impact in the 1992 financial year.

Operating income was up by 10.3 per cent to R320.9m from R290.9m but net income before abnormal items declined to R18.1m from R131.6m, mainly because of a 143 per cent increase in provision for bad debts of R295.8m, abnormally low interest margins and high operating costs.

"The increased provision for bad debts resulted from injudicious asset growth of 40 per cent in each of the 1988 and 1989 financial years," the company said. Difficult economic conditions were also a factor. Asset growth has subsequently been curbed. In the first half of the year it was at an annualised rate of 18.6 per cent which was reduced to 3 per cent in the second half.

Abnormal items amounted to R386.5m resulting in a R368.4m taxed loss for the year. These items consisted of R152.9m in write-offs and provisions and R233.6m for additional provision against advances and transfer to contingency reserves.

The bank is having a R550m rights issue in October after which total funds will be about R1.2bn, some 72 per cent higher than at the year end.

The dividend for the full year was maintained at 25 cents per share.

Setback in Framatome campaign

By William Dawkins in Paris

THE STAFF OF Framatome, the French nuclear reactor builder, yesterday encountered a setback in its campaign to annul a large part of the controlling stake held by Compagnie Générale d'Electricité (CGE), the privatised telecommunications and *engineering group.*

Two legal professors asked to examine the dispute by the Paris commercial court in July have decreed that CGE is the legitimate owner of its original 40 per cent stake in Framatome.

Ownership of the group is a sensitive issue in France, the most nuclear-power dependent country in the world. This has also proved a revealing test of the French Government's economic liberalism.

The nuclear plant group's staff council had tried to argue *that the 40 per cent stake was* improperly privatised when CGE itself was transferred from the public to the private sector in 1987. It launched a court action early this year claiming that CGE's shares should rightly belong to the Government.

CGE got involved in a political wrangle when it announced in March that another shareholder, the Dumez construction *group, had agreed to sell out,* allowing it to lift its stake in Framatome to 52 per cent. In recent years, Framatome has hovered between the state and private sector, with control residing in practice in the hands of public agencies.

The commercial court is due to hold further hearings on September 29, with the aim of making a decision some time in October.

Benetton buys 80% of Prince

By Haig Simonian in Milan

EDIZIONE HOLDING, the private holding company of Italy's Benetton family, has stepped up its activities in the sports and leisurewear sectors by buying 80 per cent of Prince Holdings, the US sports equipment maker best known for its Prince tennis rackets.

A price for the acquisition of Prince, which used to be owned by Unilever until a management buy-out in 1987, *has not been disclosed.*

The purchase comes hard on the heels of a L75bn ($64m) capital increase at Nordica *Sportsystem, the Italian ski* boots and clothing manufacturer which is 70 per cent owned by Edizione Holdings.

The Benetton family has become increasingly involved in sports and leisure businesses in line with Mr Luciano Benetton's view that such activities are likely to show particularly strong growth in future.

According to Mr Silvano Storer, Nordica's chief executive, the *capital increase* will allow the company to develop its strategy of further growth in leisure and *winter sports products both* domestically and abroad.

The company, which earlier this year bought a 50 per cent stake in Asolo, a leading Italian maker of climbing boots and accessories with sales of L20bn, has already diversified into ski wear. Nordica is now widely believed to be looking at further acquisitions in associated businesses.

Turnover at Prince, which makes a range of tennis, *squash and golf items,* rose by more than 50 per cent last year to $158m, while operating income jumped by 36 per cent *to $18m.*

Baltica Holding climbs to DKr424m

By Hilary Barnes

BALTICA Holding, the Danish insurance and financial services group, increased pre-tax profits from DKr363m to DKr424m (US$70m) and earnings after tax from DKr396m to DKr407m.

Income rose only slightly, from DKr5.63bn to DKr5.71bn, but equity capital increased from DKr7.39bn to DKr10.96bn.

Earnings on the insurance side were down from DKr448m to DKr403m, but the finance group increased profits from DKr44m to DKr100m and the deficit from other activities was reduced.

A continued favourable development in main group activities is forecast for the rest of the year, but the situation *in the Gulf, which has* wiped DKr500m off the value of shares held by Baltica, makes predictions for the net result uncertain, said the group.

Earnings per share in the parent company were DKr25 compared with DKr34 in the same period last year.

● Colonia Versicherung, a West German insurance company, plans to co-operate in the UK with Baltica Forsikring, *Baltica's insurance unit, AP-DJ* reports.

Colonia said the two companies will continue separate *operations* in the UK, but will co-operate in a number of aspects of their businesses. It did not elaborate.

Both companies are owned in part by the Victoire insurance group, which in turn belongs to French financial services group Compagnie Financiere de Suez.

Colonia is 51 per cent owned by the Victoire group, while Baltica Forsikring is minority owned by the Victoire group.

RJR unit takes control of ailing Juara Perkasa

By Lim Siong Hoon in Kuala Lumpur

RJ REYNOLDS Tobacco, the New Jersey unit of RJR Nabisco, has agreed to take control of Juara Perkasa, a financially troubled Malaysian textile group.

Under the deal Juara will in turn take over all of RJR's Malaysian operations and be refloated on the Kuala Lumpur stock market.

Aside from rescuing Juara, the scheme aims to expand RJR's presence in Malaysia, while giving domestic investors a share in RJR's business. It will also free the Malaysian group of its M$4.6m (US$1 n) deficit in shareholders' funds *and enlarge* its equity base to M$261m from M$7.8m.

RJR is one of three foreign groups controlling the Malaysian tobacco market, which is growing at 3 per cent a year and was worth nearly M$2bn in 1989.

But RJR's foreign status, having no local partners until now, has affected its opportunities for expansion in a market sensitive to official corporate equity guidelines.

RJR's tobacco sales in Malaysia trail behind its rivals Rothmans and Malaysian Tobacco, a subsidiary of BAT Industries.

The two British groups are ranked fourth and 25th respectively in market capitalisation on the Kuala Lumpur stock *exchange's* industrial sector. On completion of the reconstruction, Juara will achieve a size near to that of Malaysian Tobacco.

Warning by Brambles despite solid profits rise

By Bruce Jacques

BRAMBLES Industries, the Sydney-based multinational haulage and waste disposal group, has warned of a deteriorating trading climate, despite a solid rise in earnings in the year to the end of June.

The company lifted net earnings by 25.1 per cent to A$252.2m (US$205m) but Mr Gary Pemberton, managing director, said the second half result was at least A$10m below expectations.

"This illustrates the sharpness of the decline in Australian trading, particularly during the last quarter," he said. "And there is no sign of a recovery in the Australian *trading environment.*"

Mr Pemberton said the group's Australian transport division was the worst affected *area,* but European activities benefited from a stronger economic environment. But some of the group's European profit gains were lost to higher taxes.

Mr Pemberton said Groupe CAIB maintained its position as the main rail wagon rental operator in Europe, while the GKN Chep and UK Cleanaway divisions also performed well.

Brambles has committed more than A$218m to Australian acquisitions in the past 18 months, but Mr Pemberton said the company retained cash reserves of A$467.5m at the year end.

He expressed confidence that rising oil prices would not significantly weaken European economies, and the impact would be limited to certain Australian operations.

The result was struck after tax of A$117m compared with A$85.8m and depreciation of A$188m against $132.1m. The dividend has been raised to 52 cents from 42 cents a share.

Profits at East Asiatic halved

By Hilary Barnes in Copenhagen

OPERATING PROFITS at the East Asiatic Company, the Danish-based international trading and shipping group with substantial interests in South-east Asia, were halved in the first half year from DKr473m to DKr230m (US$38m), while profits on "ordinary activities" were down from DKr264m to DKr186m.

A weak market in the US for graphics equipment, one of EAC's main activities, and tough competition in liner shipping between European and the Far East, were blamed *for the deterioration.*

Pre-tax profits increased from DKr253m to DKr303m. Substantial asset sales yielded DKr278m in extraordinary income, but DKr123m was paid in settlement of a law suit in the US.

This case, in which EAC was made to pay damages involving the activities of a company in which it had at one time been a minority shareholder, has been drawn to the attention of the European Commission by the Danish Government, which has also taken up the matter with the US Administration.

EAC's earnings were adversely affected by the *appreciation of the krone. In* dollar terms, sales were slightly up from last year to $1.28bn.

The DM-dollar exchange rate movement is especially serious for the graphics division, which buys in the German currency and sells in dollars.

Anglo American Gold Investment Company Limited
(Incorporated in the Republic of South Africa)
Registration No. 05 09084 06

AMGOLD

Interim report and dividend
for the six months ended 31 August 1990 (unaudited)

Consolidated income statement

(R million)	Six months ended 31.08.90	Six months ended 31.08.89	Year ended 28.02.90
Investment income	**130.0**	175.9	339.9
Interest earned and other income	**2.0**	9.4	15.3
	132.0	185.3	355.2
Administration and other expenses	**4.0**	4.2	6.2
Interest paid	**8.9**	0.3	5.0
Cost of prospecting	**18.2**	17.2	35.5
	31.1	21.7	46.7
Net income before taxation	**100.9**	163.6	308.5
Taxation	–	–	–
Net income after taxation	**100.9**	163.6	308.5
Dividends	**87.8**	142.7	274.4
Retained earnings	**13.1**	20.9	34.1
Earnings per share – cents	**460**	745	1 405
Dividends per share – cents			
– Interim	**400**	650	650
– Final	–	–	600

Consolidated balance sheet

(R million)	At 31.08.90	At 31.08.89	At 28.02.90
Shareholders' equity			
Share capital	**22.0**	22.0	22.0
Non-distributable reserve	**32.1**	32.1	32.1
Retained earnings	**411.9**	385.6	398.8
	466.0	439.7	452.9
Investments and loans	**564.8**	404.0	531.7
Mineral rights	**28.0**	24.5	25.0
Debtors and cash	**45.2**	160.8	70.8
Dividend payable and other creditors	**172.0**	149.6	174.6
Net current (liabilities) assets	**(126.8)**	11.2	(103.8)
	466.0	439.7	452.9
Market and directors' values of investments:			
Listed – market value	**7-097.9**	6 543.6	8 132.6
Unlisted – directors' valuation	**283.3**	296.7	322.9
Loans	**45.0**	40.2	45.6
	7 426.2	6 880.5	8 501.1
Number of shares in issue (000)	**21 952**	21 952	21 952
Net asset value – cents per share (after providing for dividend and based on investments at market and directors' valuations)	**33 379**	31 506	38 367

Comment

Earnings for the six months to 31 August 1990 were 38 per cent lower than for the comparable period last year. This was largely the result of a 26 per cent reduction in dividends received from the gold mining companies in which Amgold is invested. In addition interest earned and other income is R7.4 million lower at R2.0 million and there was an interest charge of R8.9 million (1989: R0.3 million) as Amgold has been in a borrowing position for much of the six month period.

The reduced dividend distributions from the gold mining companies reflect the continued fall in mine profit margins, mainly as a result of inflation driven increases in working costs and a continuing low gold price. Steps being taken by the mines to respond to these adverse circumstances include the curtailment of capital expenditure, retrenchment programmes, the elimination of non-essential costs, increased hedging operations and a reduction in the mining of lower grade areas.

The dollar gold price in the first six months of 1990 averaged $386 per ounce, only 0.5 per cent higher than the average price of $384 in the first half of 1989. The rand price rose by 2.3 per cent from R985 to R1 008 per ounce, reflecting a slightly weaker rand. While the dollar price fell from a peak of over $423 in early February to below $350 at times during June, the average monthly price fell from $417 in February to a low of $352 in June. It recovered to $362 in July, and then rose more sharply to average $395 in August when it peaked at over $415 per ounce as the crisis in the Middle East intensified. *However it fell back below $400 towards the month-end.*

The results of the second half of the financial year will depend largely on the prevailing rand gold price and the extent to which costs can be contained.

For and on behalf of the board
N F Oppenheimer
J Ogilvie Thompson *Directors*

Dividend

On Thursday, 6 September 1990, the directors of the company declared interim dividend No. 85, as follows:

Amount (South African currency)	400 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, 21 September
Registers closed from to (inclusive)	Saturday, 22 September Saturday, 6 October
Ex-dividend on Johannesburg and London stock exchanges	Monday, 24 September
Currency conversion date for sterling payments to shareholders paid from London	Monday, 24 September
Dividend warrants posted	Thursday, 1 November
Payment date of dividend	Friday, 2 November
Rate of non-resident shareholders' tax	14.5829 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the company and its transfer secretaries.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per T S Johnson, Divisional Secretary
7 September 1990

Registered office: 44 Main Street Johannesburg 2001
London office: 40 Holborn Viaduct London EC1P 1AJ

AAC

INTERNATIONAL CAPITAL MARKETS

Gilts edge higher on firm pound and oil futures rise

By Simon London in London and Janet Bush in New York

GILT-EDGED securities closed slightly higher against a background of a firm pound and a rise in oil futures prices.

The benchmark 11¾ per cent 2003/2007 issue closed the day at 100$\frac{1}{32}$, up $\frac{1}{8}$ on the day for a yield of 11.70 per cent.

Volume was low after a healthier day's trading on Wednesday.

Most operators are aiming to close the week with a square book on rumours that Mr John Major, the Chancellor of the Exchequer, may use a weekend meeting of European finance ministers to announce sterling entry to the exchange rate mechanism.

■US Treasury bonds drifted marginally lower yesterday morning in quiet trading ahead of today's August employment release. Long-dated maturities had initially posted small gains but then fell back again.

At midsession, short-dated maturities were quoted around $\frac{1}{32}$ point lower and the Treasury's benchmark long bond was quoted ⅛ point lower for a yield of 8.97 per cent.

The market's small losses came against a background of higher crude oil prices and despite the fact that the US Federal Reserve's operation in *the money market yesterday* appeared to set the stage for an easing in monetary policy.

On the New York Mercantile Exchange, October futures contracts were quoted $1.53 a barrel higher at $31.35 a barrel.

The Fed announced four-day system repurchase agreements and a fixed seven-day repurchase agreement. This was widely seen as a move intended to prepare the central bank for an easing signal when the employment report is published.

Economists at Griggs & Santow said the operation was probably designed to make sure that the Federal funds rate will be at a level on Friday where any action the central bank takes will clearly be seen as a policy move.

Mr Alan Greenspan, Fed chairman, made several comments yesterday. In one, he appeared to hint that the Fed may ease policy if banks and thrifts were to pull back further from lending.

■JAPANESE government bonds lost ground in the Tokyo trading day with the benchmark No 119 issue closing on a yield of 8.26 per cent, against 8.18 on Wednesday.

Retail investors continued to shun the market, with low volume contributing to institutional gloom. However, traders suggested leading Japanese insurance companies were switching out of government bonds and into the wave of subordinated debt being issued by Japanese banks to stay within Bank of International Settlements capital adequacy ratios. There are also suggestions that big insurance companies are happier to crystallise losses on government bonds rather than losses on equities to meet cash requirements and are thus net sellers of government paper.

■WEST German government paper moved ahead in quiet trading with the benchmark 8½ per cent 10 year bund closing up 5 pfennigs on the day at 96.85 to yield 8.9 per cent.

However, the futures market was weaker on arbitrage selling with the December bund contract closed at 81.20, having opened at 81.32 and moved within this range.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-28	+01/32	12.44	12.47	12.63
		9.000	03/00	84-12	+0/32	11.77	11.81	11.85
		9.000	10/08	83-16	+05/32	11.13	11.25	11.26
US TREASURY *		8.750	08/00	99-11	+02/32	8.85	8.87	8.65
		8.750	08/20	97-21	-02/32	8.98	9.00	8.76
JAPAN	No 119	4.800	6/99	82.5038	-0.229	8.23	8.15	7.90
	No 130	6.700	06/00	93.3748	-0.413	7.90	7.80	7.42
GERMANY		8.500	08/00	96.9000	-0.075	8.98	8.93	8.82
FRANCE	BTAN	9.000	11/95	94.5099	0.040	10.40	10.27	10.04
	OAT	8.500	03/00	88.5800	-0.310	10.42	10.22	9.97
CANADA *		10.500	07/00	98.4000	+0.100	10.76	10.74	10.65
NETHERLANDS		9.000	07/00	99.4400	+0.010	9.08	9.07	8.99
AUSTRALIA		13.000	07/00	97.0624	+0.105	13.54	13.50	13.46

London closing. *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

UBS sees another record year

By David Lascelles, Banking Editor

UNION Bank of Switzerland, the country's largest bank, hopes to match last year's record earnings this year despite a much tougher environment, according to Mr Robert Studer, the president of its executive board.

At a press conference in London yesterday Mr Studer said parent bank first-half results were down on 1989 because of a mixed performance by the bank's main divisions.

But, he went on: "If financial markets were to develop positively, we could well be able to equal 1989's record results." In 1989, UBS reported cash flow of SFr1.8bn and net income of SFr902m.

The main factors in the group's performance were investment and commercial banking activities outside Switzerland. Operations at home had "by and large" matched last year's result.

Mr Rudi Muller, the chairman of UBS Phillips & Drew, the bank's London-based investment banking operation which suffered heavy losses two years ago, said the London group profit and loss account was ahead of target.

Mr Studer said UBS had not been affected by the Gulf crisis because of its low exposure to the region, but as a strong and stable Swiss bank it had benefited from an inflow of deposits. He would not quantify this, but said a figure of £250m sounded rather low.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on September 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99½	100	+¼	9.06
ALBERTA PROVINCE 9 3/8 95	600	100⅝	101		9.20
AMERICAN GENERAL 9 3/4 95	100	96⅞	97⅜	-⅛	10.59
AUSTRIA 8 1/2 00	400	93⅛	93½		9.63
BANK OF TOKYO 8 3/8 96	100	94⅞	95⅜		9.58
BELGIUM 9 1/8 92	400	100⅞	101⅛		8.70
BFCE 7 3/4 97	150	92⅛	92½		9.41
BNP 8 5/8 94	300	98⅜	98⅞	+⅛	9.05
BP CAPITAL 9 5/8 93	150	101⅝	102⅛	+⅛	9.03
CANADA 9 96	1000	99⅞	100⅜	+⅛	9.01
CCCE 9 1/4 95	300	100⅜	100⅜		9.12
COUNCIL EUROPE 8 96	100	94⅛	94½	+⅛	9.33
CREDIT FONCIER 9 1/2 99	300	99⅜	99⅝	+⅛	9.59
DENMARK 0 98	250	48⅛	48⅜	-⅛	9.64
DENMARK 8 1/4 94	150	97⅛	97½		9.14
ECSC 8 1/4 96	193	94⅞	95⅜	+⅛	9.36
EEC 7 1/4 93	250	96⅜	97⅛	+⅛	8.72
EIB 7 3/4 96	250	93⅛	93⅜	+⅛	9.29
EIB 10 97	250	102⅞	103⅛		9.40
ELEC DE FRANCE 9 98	200	97⅞	98⅜	+⅛	9.39
EUROFIMA 9 1/4 96	100	99⅞	100⅛	+⅛	9.26
EXPORT DEV CORP 9 1/2 98	150	100	100⅜	+⅛	9.49
FINLAND 7 7/8 97	200	91⅞	92⅜	-⅛	9.64
FINNISH EXPORT 9 3/8 95	200	100½	100⅞	+⅛	9.24
FORD MOTOR CREDIT 9 1/2 93	300	100½	101		9.29
GEN ELEC CAPITAL 9 3/8 96	300	99⅞	100⅜	+⅛	9.42
GMAC 9 1/8 96	200	98⅜	98⅞	-⅛	9.49
HALIFAX 9 1/2 93	200	100⅞	101⅛		9.10
IBM WORLD TRADE 7 5/8 93	150	95⅞	96⅛		9.20
IND BK JAPAN FIN 7 7/8 97	200	91⅝	92	+⅛	9.63
INTER AMER DEV 7 5/8 96	200	92⅛	92⅝		9.40
ITALY 8 1/2 94	1500	98⅛	98½	+⅛	9.01
JAPAN DEV BK 8 94	150	96⅞	97⅛		9.05
KANSAI ELEC PWR 10 96	350	101⅞	102⅜	+⅛	9.55
LTCB 8 5/8 93	150	99⅛	99½	+⅛	8.99
NEW ZEALAND 8 93	100	97⅞	98⅜	+⅛	8.87
NIPPON CRED BK 9 3/4 93	150	101⅜	101⅞	+⅛	9.21
NIPPON TEL & TEL 9 3/8 95	200	100⅝	101⅛	+⅛	9.17
NISSAN ACCEPT CORP 9 1/4 91	150	100⅜	100⅞	+⅛	8.79
OLYMPIA & YORK 8 1/4 96	435	87⅝	89½		11.25
ONTARIO HYDRO 11 5/8 94	200	106	107⅜	-⅛	9.45
OSTER KONTROLLBANK 8 1/8 93	200	98½	98⅞	+⅛	8.77
PRUDENTIAL RLTY SECS 0 99	368.216	45⅜	45⅞		9.92
QUEBEC HYDRO 9 3/4 98	150	99⅞	100⅜	+⅛	9.79
QUEBEC PROV 9 98	200	96⅛	96⅜	+⅛	9.70
SAINSBURY 9 1/8 96	150	98⅜	98⅞	+⅛	9.48
SAS 10 99	200	99⅞	100⅜	+½	10.07
SBAB 9 1/2 95	500	101	101⅜	+⅛	9.21
STATE BK STH AUST 9 1/4 93	100	100⅛	100⅝		9.14
SUMITOMO TST 7 3/4 91	100	98½	99	-⅛	9.10
SWEDEN 8 1/8 94	150	96⅞	97½	+⅛	9.11
SWEDISH EXPORT 9 5/8 93	100	101⅞	102⅛	+⅛	8.76
TOKYO METROPOLIS 8 1/4 96	200	94⅞	95⅛	+⅛	9.40
WORLD BANK 8 3/8 99	1500	94½	94⅝	+⅛	9.50
WORLD BANK 8 3/4 97	1500	98⅛	98⅜	+⅛	9.32
XEROX CORPN 8 3/8 96	100	93	94½	+⅜	9.97

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	97⅛	97⅛	+½	8.88
AUSTRIA 6 98	400	83⅛	83⅛	+⅛	9.18
CNT 6 1/8 98	200	82⅞	83	-⅛	9.23
CREDIT FONCIER 6 3/4 99	500	85⅜	86	-⅛	9.21
DEUTSCHE BK FIN 5 5/8 96	750	84⅞	84⅞		9.12
EEC 5 3/8 93	300	92½	92½		9.07
EIB 6 1/8 96	300	86⅛	86½	-⅛	9.28
EIB 6 7/8 95	300	90⅝	90⅝	+⅛	9.21
EUROFIMA 6 1/4 98	400	84⅛	84⅛		9.16
FELDMUEHLE FINANCE 8 99	200	92⅜	92⅜		9.18
FERRO DEL STAT 5 3/8 93	500	92½	92½	+⅛	9.02
IND BK JAPAN FIN 5 5/8 96	200	84⅛	84⅛		9.36
INTER AMER DEV 7 1/4 99	300	89	89	-⅛	9.11
LUFTHANSA INT FIN 5 7/8 98	500	82	82		9.26
QUEBEC HYDRO 6 3/4 99	300	85½	85½		9.26
SWEDEN 6 1/8 98	300	83⅝	83⅝	-⅛	9.23
WORLD BANK 0 15	2000	13½	13½	-⅛	8.24
WORLD BANK 5 3/4 96	300	85⅛	85½		9.27
WORLD BANK 7 1/8 95	500	93½	93⅝		8.97

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	83½	84½		7.62
AUSTRIA 4 5/8 98	100	84½	85⅛	+⅛	7.40
COUNCIL EUROPE 4 3/4 98	250	84½	85	+½	7.54
EEC 5 1/2 00	100	87	88		7.35
EIB 5 3/4 93	100	95½	96½		7.40
FINLAND 5 3/8 95	150	95½	96	+⅛	6.42
GENERAL MOTORS 7 1/2 95	100	102	102½	-½	6.97
JAPAN DEV BK 5 1/2 94	100	94½	95½		7.36
MOUNT ISA FINANCE 5 3/4 94	100	88½	89		9.59
NEW ZEALAND 4 7/8 99	200	82	82½		7.87
POLLY PECK INTL FIN 6 1/4 96	100	75	75½		12.85
QUEBEC HYDRO 5 08	100	76	78	+1	7.50
SKANDINAVISKA ENSK 6 1/2 95	100	96	97		7.60
WORLD BANK 6 1/4 92	100	98⅛	99	+⅛	7.16
WORLD BANK 7 1/4 92	100	100½	100⅛	-⅛	6.94

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	90⅛	90⅜	-⅛	8.21
CANADA 4 3/8 92	80000	93⅞	94	-⅛	8.23
CREDIT FONCIER 5 1/4 94	20000	89½	90		8.24
DENMARK 7 95	40000	95⅞	96⅛		8.13
EIB 4 5/8 94	40000	89⅛	89⅜		8.12
GENERAL ELECTRIC 5 3/4 93	35000	94½	95	-⅛	8.18
INTER AMER DEV 7 1/4 00	30000	95½	95⅜		7.92
ITALY 5 3/4 92	150000	96⅝	96⅞		8.27
KANSAI ELEC PWR 4 5/8 94	60000	88⅞	89⅛		8.27
NIPPON TEL & TEL 5 7/8 96	30000	90½	90⅞	-⅛	7.91
NORWAY 5 1/8 95	50000	89	89½	-⅛	8.08
SWEDEN 5 5/8 95	20000	90	90½	-⅛	8.11
WORLD BANK 6 3/4 00	50000	92⅛	93	-⅛	7.85

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	92	93	-½	9.81
KREDIETCORP 7 93 LFr	1000	93⅛	94⅛	-⅛	9.76
WORLD BANK 8 96 LFr	1000	94	95	+⅛	9.40
AMRO BANK 6 1/4 92 Fl	150	94⅞	95⅛	-⅛	9.55
RABOBANK 5 3/4 93 Fl	150	92⅛	92⅝	+⅛	9.42
ALBERTA PROVINCE 10 92 C$	500	97½	97⅞		11.53
BCE INC 9 5/8 93 C$	300	95⅛	95⅝	+⅛	11.82
BELL CANADA 10 5/8 99 C$	150	93⅝	94⅛		11.81
BRITISH COLUMBIA 9 1/4 93 C$	150	95	95½		11.61
EIB 10 1/8 98 C$	130	92	92½	+⅛	11.76
FORD CREDIT CANADA 10 94 C$	100	94⅛	94⅞		11.86
GENERAL ELECT CAP 10 1/4 93 C$	175	96⅞	97⅜		11.50
MONTREAL TRUSTCO 8 1/2 92 C$	100	94⅛	95	+½	12.45
ONTARIO HYDRO 10 7/8 99 C$	500	95½	95⅞		11.71
QUEBEC PROV 10 1/2 98 C$	200	92⅝	93⅛	+⅛	11.93
ROYAL TRUSTCO 10 1/4 93 C$	100	95½	96		12.24
SWEDEN 9 3/4 93 C$	250	96⅛	96⅜	+⅛	11.41
AUSTRIA 7 3/8 93 Ecu	125	92	93⅛	-⅛	11.08
CNT 7 3/8 93 Ecu	250	91⅛	92⅛	-⅛	11.09
CREDIT LYONNAIS 9 96 Ecu	125	93	95		10.68
DENMARK 7 5/8 96 Ecu	250	87⅝	88⅛		10.64
EEC 7 5/8 94 Ecu	200	91⅞	92⅜		10.51
EIB 10 97 Ecu	1125	97⅞	98⅛	-⅛	10.44
ITALY 10 3/4 00 Ecu	1000	101⅛	101⅛		10.54
SWEDEN 7 1/2 93 Ecu	250	91	92⅛	-⅜	10.97
BMW FINANCE 14 1/2 92 A$	100	100⅛	101⅛	+⅛	13.79
COUNCIL EUROPE 13 93 A$	50	99⅛	99⅝	-⅛	13.34
EKSPORTFINANS 12 3/8 95 A$	75	96⅝	97⅛	+⅛	13.34
FORD CRED AUST 13 93 A$	50	97⅛	97⅜	+⅛	14.27
HEINZ 12 3/4 91 A$	100	98⅛	98⅞	+⅛	15.19
ICI 15 1/2 92 A$	100	101½	102	+⅛	14.33
NAT AUSTRALIA BANK 14 3/4 94 A$	150	101½	102	+⅛	14.08
STATE BK NSW 14 1/4 99 A$	100	99⅛	99⅝		14.42
VOLKSWAGEN INTL 15 94 A$	100	102⅝	103⅛	+⅛	13.95
ABBEY NATL TREAS 13 3/8 95 £	100	100	100½	-⅛	13.31
BARCLAYS JERSEY 9 1/2 93 £	250	92⅛	92½	+⅛	13.23
BRITISH GAS 12 3/4 95 £	150	99⅞	100⅜		12.77
DEUTSCHE BK FIN 11 94 £	225	94⅞	95⅛	+⅛	12.91
EIB 10 97 £	300	88	88½		12.82
FORD CREDIT FUNDING 9 5/8 93 £	50	91⅜	91⅞	-⅛	13.71
INTER AMER DEV 11 3/8 95 £	75	95½	95⅞	+⅛	12.65
ITALY 10 1/2 14 £	400	85⅛	85½		12.46
LAND SECS 9 1/2 07 £	200	73⅝	74⅛	-⅛	13.54
LEEDS PERMANENT 9 1/4 93 £	50	90⅝	91⅛		13.53
NORWAY 10 1/2 94 £	200	93½	94	-⅛	12.90
ROLLS-ROYCE 9 5/8 93 £	150	90⅞	91⅛		13.70
SAINSBURY 10 7/8 93 £	100	94⅞	95⅜	+⅛	13.50
SKANDINAVISKA ENSK 13 1/8 95 £	100	99½	99⅞	-⅛	13.33
WORLD BANK 11 1/4 95 £	100	95⅜	95⅞	+⅛	12.57
ABBEY NATIONAL 0 96 NZ$	100	43⅛	44⅞	-⅛	14.57
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	100	101	+⅛	13.11
AIDC 7 7/8 93 FFr	600	92⅛	92⅞		10.92
DENMARK 8 1/8 91 FFr	1000	97½	98⅛	+⅛	10.27
EURATOM 7 5/8 98 FFr	500	82⅝	83⅛	+⅛	11.05

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.96	100.04	15.0000
ALBERTA PROVINCE 1/32 93	500	99.97	100.08	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.0800
BANCO DI NAPOLI INT 91	150	99.92	100.02	8.8750
BANCO ROMA 0.03 01	200	95.31	95.81	8.4675
BELGIUM 1/16 97 DM	500	100.01	100.10	8.8125
BFCE -0.02 96	350	99.76	99.86	8.4175
BNP 05	300	98.11	98.30	8.3750
BRITANNIA 1/10 96 £	150	99.90	99.95	15.1000
CITICORP 1/4 98	500	93.56	94.06	8.3125
CITIZENS FED 0.15 96	100	99.45	99.95	8.7125
COMMERZBK O/S FIN 93	200	99.52	99.62	7.9375
DENMARK -1/8 96	1000	98.99	99.09	8.0000
FERRO DEL STAT 94	200	100.29	100.39	8.2500
HALIFAX 1/10 94 £	200	100.02	100.07	15.1000
MITSUI FIN ASIA 1/8 96	100	99.91	100.01	8.1875
MORGAN (JP) 1/4 97	250	99.35	99.80	8.5000
NAT WEST FIN 3/16 05	400	96.38	96.88	8.8125
NEW ZEALAND 93	500	99.43	99.54	8.0625
NORTHEAST SAVINGS 1/10 96	150	99.40	99.90	8.1625
PORTUGAL 0.05 93	700	99.90	100.00	8.4875
QUEBEC PROV 01	300	97.31	97.44	8.5000
RENFE 98	500	99.63	99.73	8.5000
SOCIETE GENERALE 96	300	99.05	99.15	8.6250
UNITED KINGDOM -1/8 96	4000	99.71	99.74	8.1250
WELLS FARGO 1/16 94	150	97.88	98.38	8.3750

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	101⅛	102⅛	+27.10
ASDA-MFI 4 3/4 02 £	100	1.64	106	107	+54.52
BURTON GROUP 4 3/4 01 £	110	3.15	104⅝	105⅝	
EASTMAN KODAK 6 3/8 01	300	50.67	97	97⅝	+18.79
GOODYEAR TIRE 6 7/8 03	150	80⅛	71	71⅞	
GRACE (WR) 6 1/4 02	150	42⅛	79⅝	80½	+34.17
GRAND MET 6 1/4 02 £	100	6.58	88⅞	90	+7.50
HAWLEY 6 02 PREF	400	1.91	106⅛	108	+10.19
HILLSDOWN 4 1/2 02 £	150	4.16	99⅛	100⅛	+63.84
INTL PAPER 5 3/4 02	200	68½	84⅞	85⅜	+20.81
LAND SECS 6 3/4 02 £	84	6.72	78½	79½	+8.54
METAL BOX 5 3/4 02 £	65	1.93	89½	91½	-6.52
MITSUBISHI BK 1 3/4 02	300	2727.1	71	73	-1.08
OGDEN 6 02	85	39.077	78⅛	79⅝	+51.03
PACIFIC DUNLOP 6 3/4 97	75	3.749	106⅛	107⅛	-0.28
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	77⅛	77⅞	
THORN EMI 5 3/4 04 £	103	7.45	99⅝	100⅝	+22.07

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Staatsbank refinancing total stands at DM24bn

By Katharine Campbell in Frankfurt

THE STAATSBANK Berlin yesterday brought to DM24bn the sum of funds it has raised since the end of July as part of its mammoth refinancing operations.

The former East German central bank, now a public commercial bank, needs to plug the increasing gap on the liability side of its balance sheet as East German savings banks withdraw the deposits they were previously required to lodge with the central bank.

A good proportion of these funds are trickling into the West German system, so the current spate of issues represent a recycling operation as resources are shifted within the expanded D-Mark area.

A further DM6bn of floating-rate notes was yesterday introduced on the market, and dealers say they are braced for further heavy activity ahead of October 3, when the two Germanys unite. Another deal, probably in shorter maturities, is already mooted for next week.

Yesterday's FRN is four-year paper, priced at 100 and paying a coupon of 5 basis points over 6 month Fibor, the Frankfurt inter-bank offered rate.

Westdeutsche Landesbank is leading the consortium; co-leads are Commerzbank, DG Bank, Bayerische Landesbank and Deutsche Girozentrale-Deutsche Kommunalbank.

In the past six weeks, the Staatsbank has issued two other FRNs, of DM6bn each, at the same 5 basis point margin over Fibor, and one syndicated credit increased to DM8bn. These vast sums have been absorbed almost exclusively by the West German savings sector, which is hungry for D-Mark floating-rate assets.

Tokyo eases capital adequacy rules

By Robert Thomson in Tokyo

JAPANESE long-term credit banks, which have had a virtual monopoly on longer-term finance, do not expect to lose out as a result of the Ministry of Finance's decision to allow commercial, or "city" banks to issue subordinated bonds.

Japan's banks are having trouble meeting international capital adequacy standards, so the ministry is to ease the pressure on them by giving approval for the bond issues in return for assurances that they will curtail asset growth.

But it is known that the Industrial Bank of Japan, in particular, and other long-term credit banks have been annoyed by the ministry's decision, which ends their dominance of long-term bond issues.

The decision prompted several issues, but ministry sources emphasised yesterday that each issue will be approved on a case-by-case basis and permission will be granted to banks who take the ministry's advice on improving capital adequacy levels.

An official at the Long-Term Credit Bank of Japan said that the city banks' capital adequacy predicament is "an emergency" and that their access to longer-term finance will remain tightly restricted.

The banks are keen to issue subordinated bonds before the end of September, when they will be expected to produce half-year figures for their ratios of capital to assets. Under the guidelines of the Bank for International Settlements (BIS), the banks must have a capital adequacy ratio of 8 per cent by March 1993.

Most banks were comfortably above the 8 per cent level, but the slump in the Tokyo stock market has pulled the banks below that level.

The Finance Ministry allowed Sumitomo Bank to make a $1.2bn subordinated bond issue in late June, but said then that the issue did not mean the lifting of restrictions. A ministry spokesman said yesterday that controls have been eased this week "to bring good results for the banks' BIS ratios."

"Our more optimistic view is that the fall in the BIS ratio this time is not too dramatic, but I think the banks have learned that to rely too much on the stock market for capital *is a bad policy,*" the spokesman said.

He said the ministry will not allow an unseemly rush of issues because this "might cause some problems in foreign markets."

A Sanwa Bank official said that, "if necessary", the bank will issue subordinated bonds, and "if the stock market stays near its present level, it might be necessary."

An official at Fuji Bank, which brought a $700m offering of floating-rate notes on Wednesday, said that further issues are likely, but no timetable has been set.

INTERNATIONAL CAPITAL MARKETS

Stable conditions prompt pace of issuance to pick up

By Tracy Corrigan

THE pace of issuance in the Eurobond market picked up again on Thursday, with deals launched in a range of currencies as bond markets remained fairly stable. Bond offerings in Canadian dollars and Australian dollars attempted to entice retail investors back to the market, which they have steered clear of since the start of the Gulf crisis.

Meanwhile, supply is also on the way for institutional investors. The World Bank announced the management group for its third global bond issue, scheduled for launch in the coming weeks.

The 15-strong group, including joint leads Deutsche Bank Capital Markets and Salomon Brothers, incorporates four Japanese underwriters, underlining the bank's intention that the bonds be distributed simultaneously in the Euromarkets, the US and the Japanese domestic markets. *

Yesterday, the Council of Europe launched a C$100m offering of two-year Eurobonds, via Bankers Trust International. Retail investors continue to adopt a cautious stance, and the paper did not offer any price advantage over secondary market levels. Nevertheless, there was some pent-up demand for new paper, the first for a month in the sector. In addition, the Bank of Canada is widely considered to be bound to ease short rates further in the next month, making the short end of that market a rare safe haven.

Hambros Bank launched an A$75m five-year deal for GMAC Australia, which attempted to capture institutional as well as retail demand, on the back of the strong performance of the Australian bond market.

The offering is unswapped, and poor swap opportunities are likely to persist, keeping further supply at bay. Swap opportunities have been eroded because the improvement in the domestic bond market has not fed through fully into the Eurobond market. The deal was quoted at less 1.85 bid, within 2 point fees. In the Japanese equity-linked market, Kawasaki Steel brought a $350m offering of bonds with warrants. It was bid just under its par issue price at 99½.

Lasmo, the UK oil and gas company, took advantage of its strong performance in the stock market since the start of the Gulf crisis to launch a £90m offering of convertible bonds. While the rest of the UK stock market has been driven down by concern about the Middle East, the prospect of high oil prices has driven up the stock prices of oil companies, and Lasmo has outperformed its sector. Its shares have risen from around 440p just before Iraq's invasion of Kuwait to as high as 500p.

The proceeds will help fund the company's £400m five-year development programme, which is centred on the North Sea fields, said Mr Michal Pavia, finance director of Lasmo. The programme has not been expanded since the start of the crisis.

Lasmo has also completed a private placement in the US market, under the recently passed rule 144a which liberalised trading of unlisted securities there. Mr Pavia said costs have slimmed since the liberalisation of trading. The company raised $93m of 10.13 per cent 10-year notes and $20m of 10.30 per cent 15-year notes, via Goldman Sachs.

● Bank of Scotland has raised A$255m of subordinated floating-rate notes. The 10-year notes have a coupon of 14⅞ per cent. S.G. Warburg is the sole underwriter.

INTERNATIONAL BONDS

IBJ to form mergers and acquisitions boutique

By Janet Bush in New York

THE INDUSTRIAL Bank of Japan yesterday announced the formation of a mergers and acquisitions boutique, the first time a Japanese institution has entered the M&A advisory business directly rather than through a joint venture with a US securities firm.

The company will be called The Bridgeford Group and will be headed by Mr John Herrmann, a former managing director in the mergers and acquisitions division of Lehman Brothers, the investment banking subsidiary of Shearson Lehman Brothers.

IBJ, which is not only the sixth largest bank in the world but also has the largest market capitalisation of any financial institution, already has a team of around 10 professionals which has primarily advised Japanese companies on their US investments.

It is envisaged that the Bridgeford Group will employ around 12 professionals in New York and another dozen in Tokyo.

Mr Hideo Ishihara, deputy president of IBJ, said that the operation would be backed by the considerable capital of the bank and also by working capital of around $50m.

MetLife, CSFB create adviser

By Janet Bush

METROPOLITAN Life Insurance, the big US insurer, and CS First Boston, the Wall Street securities house, are forming a London-based investment adviser offering international products to US pension funds and institutions.

The company will be called CS First Boston Global Fund Managers Ltd and will offer stock and bond funds.

CS First Boston manages portfolios for MetLife valued at around $200m. The company will add new products for savings plans and individual annuity investors as well as institutional investors.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsui Taiyo Kobe(b)†◆	1bn	(b)	100	2000	20/10bp	Mitsui Taiyo Kobe Int.
Kawasaki Steel Corp(a)♦	350	(5⅛)	100	1994	2¼/1½	Nomura Int.
Trips Ltd(c)†★★◆	70	(c)	100.10	1992	10/6bp	Toyo Trust Int.
Nippon Kinzoku Co.(a)♦	70	(5½)	100	1994	2¼/1½	Nikko Secs.
Sunkyong Ind.Ltd(d)§◆	40	1½	100	2005	2½/1½	Nikko Secs.
CANADIAN DOLLARS						
Council of Europe(a)◆	*100*	*11¾*	*101⅝*	*1992*	*1⅛/⅝*	*Bankers Tst.Int.*
AUSTRALIAN DOLLARS						
GMAC Aust.Fin.(a)◆	75	14¼	101.15	1995	2/1⅜	Hambros Bank
D-MARKS						
Staatsbank(e)†◆	6bn	(e)	100	1994	10/6bp	WestLB
SWISS FRANCS						
Prov.of Newfoundland(f)◆	125	7½	101	1999	-	UBS
TSD Co Ltd(g)★★§	45	4¾	100	1995	-	Yamaichi Bk (Switz)
STERLING						
Lasmo(h)§◆	90	7¾	100	2005	-	SBC
YEN						
Okobank(a)◆	5bn	7¾	101.175	1993	1⅝/⅞	Mitsubishi Tst.Int.
Flora 5(a)◆	10bn	7¼	100.175	1992	1⅜	LTCBI
C Itoh Int.Fin(i)◆	5bn	(i)	100⅝	1995	1⅛	Wako Int.

★★Private placement. §Convertible. †Floating rate note. ♦With equity warrants. ◆Final terms. a) Non-callable. b) Callable subordinated FRN issue. Coupon pays 3-month Libor plus 30bp for first 5 years, then 3-month Libor plus 40bp thereafter. Callable at par after 5 years and on every coupon date thereafter. c) Coupon pays 6-month $Libor plus 35bp. Non-callable. d) Coupon was indicated at 1½%. Conversion premium fixed at 44.82%. e) Coupon pays 6-month Fibor plus 5bp. Non-callable. f) Callable after 8 years at 101%. g) Put option 30/9/92 107⅜% to yield 8.301%. h) Callable at par from 1995. Conversion premium fixed at 15.10%. i) Step down coupon. Pays for first 3 months, Libor plus ⅜%, then for following 3 months 15%, then interest payable semi-annually at rates declining from 11% to 9% to 5.65% and finally 3%.

LEGAL NOTICE

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
80 Union Street,
Oldham,
Greater Manchester.

NOTICE IS HEREBY GIVEN that a Special General Meeting of the above Society will be held at the Registered Office on Tuesday, 25th September 1990 at 9.30 a.m.

AGENDA

1. To receive any apologies for absence.
2. To read the Notice of Meeting
3. To approve the Minutes of the last General Meeting held on 11th April 1990 and consider any matters arising therefrom.
4. To close to new entrants the following Tables:- OL1, 2 & 3, APP, ULI, APPU, SPIB, ORHW7, SNPE1, JNPE1, GB, IB, LCE1, 1, 3 & 4, ILCE1 & 2, OR7, CTA & I, TA1, RIB, WP, DAB, RA(DA), RA7, WLS4, 5 & 6, PPS4, 5 & 6.
5. To delete any reference in any Table of Assurance or Annuity (and consequentially amend the terms of relevant policies written under those Tables) to an Increase- Extension-, or Replacement-Option EXCEPT in tables CTA & I, TA1, RAU1 & 2, PPS1 & 2, RA8, and ILCE1 & 2.
6. Conditional upon confirmation of authorisation from the Department of Trade and Industry to trade as an Insurance Company, to record the proposed date of registration of the Special Resolution adopted by members on Thursday 23rd November 1989, and of the cancellation of the Society's registration as a friendly society in accordance with Section 84 of the Friendly Societies Act 1974, and to deal with any with any attendant matters.

By Order of the Committee
D.R. REES,
Secretary

CKJ Holdings Limited

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the unsecured CREDITORS of the above named company will be held at Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG.

on 27 September 1990 at 10.00 am

for the purpose of having laid before it a copy of the report by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are entitled to vote if:

(a) they have delivered to us at the above address, no later than 12 noon on 26 September 1990, written details of the debts they claim to be due to them from the company, and claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

DATE: 31 August 1990

N J Vooght
*Joint Administrative Receiver

COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the corporation's declaration of a dividend of $0.75 (gross) per share of the common stock of the corporation payable on the 11th September 1990 there will become due in respect of the bearer depositary receipts a gross distribution of 3.75 cents per unit. The depositary will give further notice of the sterling equivalent of the net distribution per unit payable on and after the 17th September 1990.

All claims must be accompanied by a completed claim form and USA tax declaration obtainable from the depositary. Claimants other than UK banks and members of the stock exchange must lodge their bearer depositary receipts for marking. Postal claims cannot be accepted. The corporation's second quarter report for 1990 will be available upon application to the depositary named below.

Barclays Bank PLC
Stock Exchange Services Department
168 Fenchurch Street London EC3P 3HP

ANGLOVAAL GROUP

CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

The transfer books and registers of members of the following companies (all of which are incorporated in the Republic of South Africa) will be closed for the period stated for the purpose of determining those persons entitled to attend the Annual General Meeting of Members thereof.

Name of company		Period of Closing of Transfer Books and Registers of Members (both days inclusive) 1990
Anglovaal Limited	Reg. No. 05/04580/06	3 - 9 November
Eastern Transvaal Consolidated Mines, Limited	Reg. No. 01/08442/06	3 - 9 October
Hartebeestfontein Gold Mining Company Limited	Reg. No.05/33926/06	3 - 9 October
Middle Witwatersrand (Western Areas) Limited	Reg. No.05/04469/06	27 September - 3 October
Zandpan Gold Mining Company Limited	Reg. No.55/02414/06	3 - 9 October

London Secretaries
295 Regent Street
London W1R 8ST
6 September 1990

By Order of Boards
ANGLO-TRANSVAAL TRUSTEES LIMITED
London Secretaries
per: D.J. Adams

LEGAL NOTICE

Oakley Computer Limited

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the unsecured CREDITORS of the above named company will be held at: Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG.
on 27 September 1990 at 10.00 am
for the purpose of having laid before it a copy of the report by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are entitled to vote if:
(a) they have delivered to us at the above address, no later than 12 noon on 26 September 1990, written details of the debts they claim to be due to them from the company, and claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and
(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

DATE: 31 August 1990

N J Vooght
Joint Administrative Receiver

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Thursday September 6 1990

[illegible]

FIXED INTEREST

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	36	34	27
Corporations, Dominion and Foreign Bonds	5	0	17
Industrials	144	530	892
Financial and Properties	61	208	469
Oils	25	17	46
Plantations	0	0	10
Mines	31	33	95
Others	29	47	165
Totals	331	869	1,721

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. : Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings — Aug. 28
● Last Dealings — Sept. 14
● Last Declarations — Dec. 6
● For settlement — Dec. 17

For rate indications see end of London Share Service

Calls in Premier Cons. and Tuskar Res. Puts in Brent Walker, Colorvision, Danbury and Speyhawk. Put and call Ford Sellar Morris Props.

LONDON TRADED OPTIONS

TRADING WAS hectic yesterday in the derivative markets as bearish dealers took advantage of the fall in stock prices and the high volatility of options and futures. In the options market, 38,551 contracts were exchanged — 18,594 calls and 19,957 puts — a high for the week.

There was heavy activity in FT-SE options and by the end of the day 12,152 contracts had been exchanged — 7,940 calls and 4,212 puts. Analysts said one broker sold 1,000 September 2150 straddles to profit from the volatility of the near month.

BP was the main performer in the equity options for the third day running with 3,638 contracts exchanged, all but 10 of them calls. Rumours of a big oil find and rising oil prices as well as confidence in the relative performance of BP against the index has meant that 20,428 BP contracts have been exchanged this week — 17,291 calls and 3137 puts.

GEC moved up later in the day to become the second big performer after one dealer took a long-term bullish view with a calendar spread, selling 500 November 180 puts and buying 500 February 180 puts. The deal contributed towards the 3,060 contracts exchanged.

Rolls-Royce was busy with a total of 2,926 contracts exchanged but this was ascribed to intermarket trading. Analysts said there was also interest in Asda in the wake of the disposal by Belzberg Brothers, the Canadian arbitrageurs, of their 5.45 per cent stake in the company.

On the Liffe the September FT-SE future contract dropped from 2,139 early in the day to 2,123, at virtual parity with the FT-SE index.

A total of 5,476 September futures and 939 December futures (which closed at 2180) were traded — up on previous days.

Securities firm James Capel said people were taking advantage of a heavy discount. When the Liffe closed the FT-SE index stood at 2,121 leaving the September future at a discount of 15 on an estimated fair value of 17.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*468)	420	62	73	90	5	7	13
	460	32	45	62	11	19	22
	500	13	26	42	35	39	43
ASDA (*109)	100	13	19	-	2½	4½	-
	110	6½	13	18	6	9	10½
	120	3½	8	13	14	16	17
Utd. Biscuits (*317)	300	24	38	44	5	10	14
	330	8	21	26	21	26	28
	360	2½	10	15	47	48	48
Unilever (*624)	600	43	65	82	11	21	25
	650	15	35	53	35	43	47
	700	4½	17	33	80	81	83
Ultramar (*376)	330	55	72	80	4	8	13
	360	30	48	57	10	15	23

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*209)	200	13	22	28	2½	7	10
	220	3	11	17	15	17	18
Amstrad (*57)	50	9	12	14½	1½	2½	4
	60	2½	6	10	5	7½	8½
Barclays (*349)	330	24	42	53	3	8	12
	357	6	23	-	15	16	-

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UK COMPANY NEWS

Strong balance sheets and land banks help Wilson (Connolly) and Wilson Bowden

Resilience shown by eastern England builders

By Andrew Taylor, Construction Correspondent

PROFIT FIGURES published yesterday by Wilson Bowden and Wilson (Connolly) Holdings, showed untypical resilience in the face of the collapse of their markets.

Both companies build in eastern England which incorporates some of the worst hit housing markets in the UK.

Housing profits of Wilson (Connolly) during the first six months of this year rose by 8 per cent from £13.84m to £14.88m. Group profits, however, fell by a quarter from £25.8m to £19.32m due to a sharp fall in commercial property profits.

Wilson Bowden profits over the same period fell by 11 per cent from £17.1m to £15.2m. A fall in housing profit was offset by higher profits from commercial property sales.

Wimpey, Britain's second largest housebuilder, on Wednesday reported first-half profits down by almost three-quarters from £45.2m to £12.6m. AMEC another large builder said it had made a loss of £8.5m on housing and commercial property forcing group profits down by a quarter.

Wilson Bowden which makes 50 per cent of its house sales in the east midlands and Wilson (Connolly) which is based in Peterborough have used their detailed knowledge of their local areas to build up long banks of cheap land. This has helped underpin margins as house and land prices have fallen.

Wilson (Connolly) during the first half sold 1,087 homes, against 770, an increase of 41 per cent. Commercial property profits, however, slipped badly from £11.11m to £2.97m. Contracting profits rose from £850,000 to £1.47m.

Group turnover increased marginally to £98.53m. Earnings per share fell from 9.3p to 7p.

The interim dividend is increased from 1.15p to 1.21p.

Wilson Bowden sold 570 homes, compared with 533. Housing profits however fell from £14.6m to £10.6m as gross margins reduced from 27 per cent to about 23 per cent. Commercial property profits however rose from £3.3m to £4.6m.

Group turnover fell from £66.6m to £63m. Earnings per share were 16.6p to 14.8p.

In spite of this the interim dividend is increased from 2.2p to 2.4p.

● COMMENT

The two companies show how best to combat a deep recession in the UK housing market. Shrewd purchases of land, (made easier if you know your local district well) means you can still earn an acceptable margin even if house prices fall as sharply as they have done during the past 18 months. Both the Wilsons have strong balance sheets as a result of good cash management – another essential for riding out a recession. Wilson (Connolly) has reduced gearing from 35 per cent to 18 per cent; Wilson Bowden is even better placed with gearing at 7 per cent. Profits this year will be lower for both companies but others will suffer a lot worse. The low cost land bank means the Wilsons should perform equally well when recovery eventually comes.

Electrocomponents £23m purchase

By Clare Pearson

ELECTROCOMPONENTS, the distributor of electronic and electrical components, is paying £23.4m to acquire Verospeed, an electrical component concern from BICC, the cables and construction group.

Electrocomponents said the acquisition of Verospeed would enhance the European presence of RS Components, the high service level distributor which represents its original core business.

Of the £23.4m purchase price, up to £12.4m is payable immediately with a further £11m payable in two tranches over a two-year period.

In 1989 Verospeed made profits after tax of £2.1m on sales of £22.4m.

BICC Technologies lifted pre-tax profits by 15 per cent to £5.5m in the half-year to end-June. The company said this reflected the effectiveness of the new structure of the division.

Hambro Countrywide £1m back in the black

By David Barchard

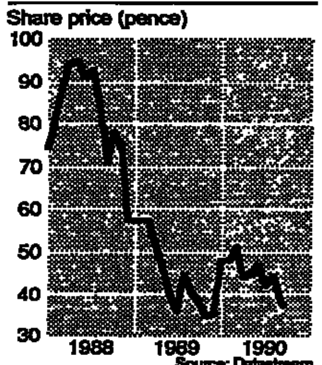
HAMBRO Countrywide, the estate agency and financial services group, returned to the black in the first half of the year, with a pre-tax profit of £1.01m, compared with a restated 1989 loss of £5.41m.

Mr Christopher Sporborg, chairman, said the return to profitability reflected the group's strategy of controlling costs in its core business while expanding into related areas.

During the six months ending June 30, the group sold 17,956 houses, 8 per cent more than in the same period of 1989, while turnover expanded by 12 per cent from £39.04m to £43.59m.

Much of the improvement was achieved by an increase in the estate agency's commission rate from 1.8 per cent a year ago to 2 per cent. During the year, Hambro Countrywide's branch numbers dropped from 510 to 488, in spite of the purchase of an 18-branch agency operation in Cornwall.

Hambro Countrywide



Mortgages totallying £360m were sold through the estate agency operation and insurance was provided for more than 9,800 customers.

Among the subsidaries, Hambro Countrywide Relocation was said to have benefited from the depressed housing market as employers relied increasingly on professional relocations agents when moving employees,

Hambro Guardian Assurance was said to have generated an increasing proportion of new business through its external tied agents, which have more than 150 sales consultants in all.

A direct sales-force operation, Hambro Guardian Consultancy, has been established and will have recruited 35 specialist consultants by the end of the year, reducing the dependency of the life assurance business on the estate agency sales force.

Earnings per share were 0.2p, against a loss of 1.1p. A nominal interim dividend of 0.05p is declared.

● COMMENT

Hambro Countrywide was one of the first estate agency groups to bit the bullet when the market turned sour and it is now reaping an impressive reward. Careful diversification into selected business areas and the chopping of surplus staff and branches have left an operation which looks uncommonly ship-shape amidst its becalmed competitors in a miserable market.

While some estate agencies are wrestling with cost-cutting and branch closures, Hambro Countrywide can expect profits to take off in 1991 when the long-awaited recovery in the housing market is expected to take place. For with operating costs pared to the bone, almost all additional income will go straight into the profit figures. Not surprisingly some analysts are forecasting strong profits, perhaps over £20m a year from now.

Reorganisation hits Blackwood Hodge

EXTRAORDINARY reorganisation costs of £2.78m left Blackwood Hodge, the distributor of earth moving equipment, with a retained loss of £2.96m for the first half of 1990. The costs were incurred dealing with problems identified at the announcement of the 1989 results.

The moves included the closure of the Northampton site, with the loss of 220 jobs, concentration on the distribution of the Terex range, and restructuring of the Belgian operation and the sale of its interests in Zaire.

They had been undertaken in order to improve its use of working capital and reduce gearing and halt heavy losses in the UK.

Mr Roger Pinnington, chairman, said he hoped to be able to announce details of disposals soon. They would result in a fall in shareholders' funds, but there would also be a significant fall in gearing.

He added that the rest of the year was viewed with caution because of events in the Middle East and the economic outlook in most of the countries in which the company operated.


Roger Pinnington

However, most activities were trading profitably and progress had been made in reshaping the group and working capital needs.

The shares closed 3p lower at 18p.

In the six months, pre-tax profits fell to £3.23m (£6.05m) following a 62 per cent increase in the interest charge to £8.95m (£5.53m). Group turnover was £247.18m (£236.89m).

After tax of £2.15m (£1.66m) earnings were 0.14p (2.34p) net or 0.23p (2.56p) on a nil basis. The interim dividend is cut to 0.25p (0.65p).

Alexander Russell falls 11% to £1.29m

Reduced activity in coal business caused Alexander Russell to record an 11 per cent decline in taxable profits from £1.45m to £1.29m in the half-year to June 30.

The mineral extractions group saw turnover decline to £18.8m (£20.39m). Tax accounted for £497,000 (£568,000) and minorities for £113,000 (£77,000).

Earnings per share were 2.24p (2.81p). The interim dividend is being raised from 0.54p to 1p to reduce disparity between the interim and final payment.

The results were helped by a 30 per cent increase in quarry profits with demand remaining buoyant in Scotland in the second half.

A new concrete roof tile works at Burton-on-Trent will go into production next May and the company expects to eliminate its losses in the US coal business. It also hopes to expand quarry business and benefit from the fully automatic brick factory in Wales.

North Sea Assets beats expectations

North Sea Assets exceeded its own expectations in the first half of 1990 with taxable profits of £590,000, compared with £29,000 in the previous first half and £374,000 for the 15 months to December 31 1989.

Turnover in the half-year rose 47 per cent to £8.58m (£5.84m) and earnings per share jumped to 1.24p (0.01p).

The share price yesterday added 2p to 29p.

Sir Jeffrey Peterson, chairman, said all divisions had benefited from increased activity in the North Sea, against the background of the Gulf crisis.

A two-pronged strategy had been put in place to support the growth of the four main subsidiaries and expand the group through diversification and acquisition into the broader market for energy services.

The strong balance sheet, with shareholders' funds more than £11m, included liquid cash resources of £2m. This would be deployed to implement the strategy.

First-half growth for Instem

Instem, the USM-quoted electronics and information systems group, yesterday announced a 32 per cent expansion in taxable profits for the six months to June 29.

The outcome – profits advanced from £382,000 to £505,000 – came on turnover ahead 33 per cent to £5.35m (£4.01m).

After tax of £187,000 (£143,000) earnings per 10p share emerged at 7.07p (5.32p). The interim dividend is raised by 0.2p to 1.2p.

Enlarged Vinten surges to £4.3m

Profits of the enlarged Vinten Group, a manufacturer of avionics and broadcast equipment, surged from £1.77m to £4.3m pre-tax for the six months to June 30 1990.

The results, struck after taking account of interest charges of £1.57m (£132,000), were enhanced considerably from the £20m acquisition some 12 months ago of Italian-based Gruppe Manfrotto, a maker of photographic and video camera mounts.

Turnover expanded from £18.22m to £33.91m and from earnings of 9.8p (5.3p) the interim dividend is lifted to 1.7p (1.45p).

Fleet expansion as TLS Range rises 9%

TLS Range, a USM-quoted commercial vehicles operator and car rental group, lifted pre-tax profits by 9 per cent from £415,000 to £453,000 over the six months to June 30.

The company, which was floated in May 1989, continued to expand by acquisitions and increased its fleet of vehicles by 47 per cent to 1,959.

TLS recorded sales of £3.81m (£2.9m), but there was a 33 per cent rise in finance charges at £442,000 (£332,000) and tax took £136,000 (£145,000).

Earnings per 5p share declined to 1.87p (2.45p) reflecting a 54 per cent increase in the number of shares.

An interim dividend of 1p is declared, against 0.9p forecast at the time of flotation.

Intrum Justitia in line with 50% target

Intrum Justitia, the European debt recovery agency which came to the London stock market in June, increased pre-tax profits by 15 per cent from £2.61m to £3.01m in the six months to June 30.

Net profit rose 54 per cent to £2.58m (£1.67m). Mr Bo Goranson, chairman, said that helped by recent acquisitions profits growth should accelerate significantly in the second half, traditionally the strongest period. The aim is for 50 per cent growth in annual net profits.

The company is paying a maiden interim dividend of 0.6p on earnings per share of 2.95p (2.55p). Future dividend policy will be to pay about one third of the full year's dividend at the interim stage.

Gibbs and Dandy first half loss

The fall in building activity continued to affect Gibbs and Dandy during the first six months of 1990 with the Luton-based builders' merchant running up a loss of £15,000 pre-tax compared with previous profits of £20,000.

A provision for bad debt was made, the sum set aside being £75,000. Turnover totalled £13.16m (£12m) and losses per share emerged at 0.1p (earnings 0.1p). There is again no interim dividend.

There was an extraordinary profit of £119,000 arising from the disposal of a leasehold property interest.

UK COMPANY NEWS

Enterprise Oil at £82m aided by production rise

By Richard Gourlay

ENTERPRISE OIL, Britain's biggest independent oil company, announced a 59 per cent increase in interim profits after tax to £82m as production increased, exploration write-offs were lower than expected and interest income rose.

Pre-tax profits rose 60 per cent from £63.7m to £102.3m.

Production rose 30 per cent to 116,200 barrels a day of oil equivalent, a level the company expects to maintain for the remainder of the year. And interest income rose 48 per cent to £37.5m (25.3m) due to higher rates and also because bad weather in the first half delayed part of the planned exploration programme.

The figure for exploration write-offs was almost unchanged at £17m, in spite of an exploration programme nearly double the same period last year at £35.8m.

The interim dividend was raised 0.75p to 6p, while earnings per share rose 23 per cent to 18p (14.6p). The City reacted favourably in an mainly weak day, and the share price closed 2p firmer at 680p.

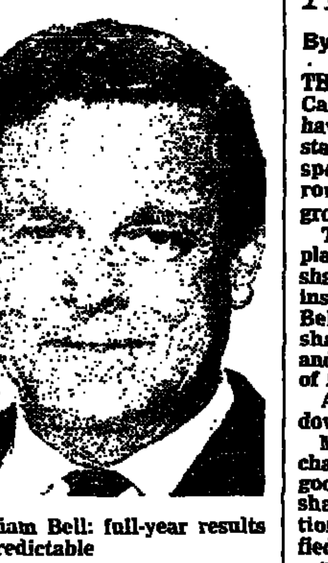
Mr William Bell, Enterprise chairman, warned that full-year results would be affected by events in the Gulf to an unpredictable degree and it would be wrong simply to extrapolate from the first half results.

The higher level of world oil prices clearly helped those companies with no production facilities in the Gulf, but it also limited opportunities as the prices of potential investments were also rising.

Full-year results would depend largely on the level of sterling, while the higher level of exploration in the second half could lead to more exploration write-offs. The exploration programme was likely to accelerate in the second half, leading to the largest number of annual well completions in the company's history.

While the crude price averaged £10.58 in the first half, the company would only forecast an average price range of between £11 and £15 a barrel for the second half.

Breaking down production, the UK sector of the North Sea averaged 81,000 b/d of equivalent oil. The Arbroath field, in which Enterprise holds a 41 per cent stake, came on stream in April, while Norwegian production averaged 34,900 barrels equivalent a day.



William Bell: full-year results unpredictable

Belzbergs sell their 5.45% Asda stake

By John Thornhill

THE BELZBERG brothers, the Canadian corporate raiders, have sold their 5.45 per cent stake in Asda ending the bid speculation that has surrounded the food retailing group for more than a year.

The stake of 64m shares was placed yesterday at 106p per share with a wide spread of institutions. Analysts said the Belzbergs had bought their shares at prices above 160p and might be sitting on a loss of £30m to £40m.

Asda's shares closed 3½p down last night at 109p.

Mr John Hardman, Asda's chairman, said: "I think it's a good thing for the rest of our shareholders that this situation has been cleanly clarified."

"They (the Belzbergs) came in for reasons of their own and departed for reasons of their own," he added.

Asda first discovered the Belzberg brothers had built up a stake in the company in May last year after sending out notices under section 212 of the Companies Act.

Thames TV plans radio expansion

By Raymond Snoddy

THAMES TELEVISION is looking at the possibility of expansion into national commercial radio in the UK and into more local London-wide radio stations.

Apart from the ability in future to take over a small ITV company, Thames as an ITV contractor would in general be limited to 20 per cent stakes in other commercial broadcasting ventures.

Mr Richard Dunn, chief executive, made it clear yesterday that the company was considering the possibility of going for a range of permitted minority stakes that could include not just national commercial radio, but the new Channel 5 and the privatised IBA transmission network.

However, no decision will be taken until final Government rules on cross-ownership are known.

Mr Dunn also announced pre-tax profits of £10.33m for the six months to the end of June after exceptional costs of £910,000, a little below market expectations.

Earnings per share after exceptionals emerged at 13.31p and an unchanged interim dividend of 5.15p is declared.

The company said that profits before Exchequer levy and interest were maintained in spite of growth in advertising revenue and a slightly reduced share of industry revenue.

The interim results were the first since the change of accounting date to the end of December. As a result, Thames said no direct comparison was available. In the six months to September 1989 pre-tax profits totalled £15.67m but that included a pre-sale dividend of £2m from Independent Television Publications.

Exchequer levy for the six months to June 30 was £11.06m compared with £11.96m for the nine months to the end of December 1989 reflecting changes in how it is calculated.

Thames admitted there had been operating losses of nearly $1.5m (£787,000) from Reeves Entertainment, the US production company bought in January for £59.7m. The losses had, however, been offset by exchange gains on the associated US dollar debt.

The company was reticent about the progress of the sale of BET and Thorn EMI's majority stake in Thames, more than six months after the sale was first announced, apart from saying the process was continuing.

Mr Dunn conceded yesterday, however, that "obviously there is speculation now about what happens if Thames and BET don't get an acceptable price. That is a possible senario."

The Thames chief executive emphasised that he thought the sale would go ahead but that whatever happened "I am extremely confident on Thames TV as a bidder in the competitive tenders [for Channel 3 franchises] in April 1991."

Following the results stockbrokers Kleinwort Benson marked down its full year profit forecast from £25m to £23m. The shares closed 14p lower at 387p.

Richard Dunn who yesterday unveiled first-half profits of £10.33m

Interest charges hit Appleyard

By Clare Pearson

PRE-TAX profits at Appleyard Group, Harrogate-based motor distributor, fell by 19 per cent from £5.7m to £4.6m during the six months to end-June reflecting deteriorating trading conditions and higher interest.

Mr Mike Williamson, chairman, said: "In a very tough trading environment a number of our operations have continued to perform well . . . we remain confident for the longer-term prospects of the group."

The pre-tax figure was scored after interest charges up from £1.69m to £3.03m and a decline in the group's share of profits of the contract hire and leasing associated companies to £429,000 (£726,000).

Like Evans Halshaw, the fellow motor distributor also reporting interim results yesterday, Appleyard noted that conditions in the luxury car market deteriorated during the second quarter.

Trading margins fell with operating profits standing at £7.21m (£6.68m), scored on a 23 per cent rise in turnover to £249.64m (£203.58m).

Earnings per share fell to 6.7p (10.9p), but the interim dividend is maintained at 2.6p.

● COMMENT

Like the figures from Evans Halshaw also out yesterday, these results suggested the current grim state of the UK car market, which has seen new vehicle sales down an estimated 13 per cent in the year to end-August, is hurting even the pick of the companies in the sector very badly. Admittedly, Pendragon, a smaller distributor which reported earlier this week, actually achieved profits growth; but that reflects its particular position arising from the wide range of luxury cars that it sells. Short-term, Appleyard's scope for earnings growth is more restricted than that of Evans Halshaw because of the paper it issued to buy Skelly. That is, however, reflected in the prospective p/e which stands at just over 7 assuming it makes pre-tax profits of about £8.7m. They should be left alone along with the sector; which could easily go lower ahead of any good news on the UK economy.

Steetley and Imetal in joint clay tile venture

By Andrew Taylor

Steetley of the UK and Imetal of France yesterday announced the latest in a series of cross border joint ventures between European Community building materials companies.

Steetley will sell Imetal's clay tiles in the UK. The two companies have also signed a letter of intent to fund a new £10m plant to make large clay tiles in the UK.

Mr Richard Miles, Steetley's managing director, said the new plant could be in operation by the end of next year.

The enthusiasm of building materials companies to forge joint ventures, acquire stakes or take over similar businesses in other European countries has increased in anticipation of the single European market.

Steetley said clay tiles accounted for about 6 per cent of the UK roof tile market but was gaining market share.

The British group, also the largest aggregates producer in France, is the market leader, selling about half of all the clay plain tiles produced in the UK.

Mr Miles said: "Imetal for the first time will take us into the larger clay tile format incorporating pantile and roman designs. It will not compete against the plain tiles which are smaller, but will provide extra competition for concrete tiles."

Clay tiles account for a much bigger share of the French market accounting for about half of all sales. Imetal a broadly-based building materials group with sales of FFr20.76bn (£2.1bn) is the market leader in clay tiles.

Tyne Tees little changed at £3.5m

INCREASED SALES of programmes and facilities compensated for lower advertising, a higher Exchequer Levy and lower investment income to leave interim taxable profits at Tyne Tees Television Holdings little changed at £3.45m, against £3.38m.

Sir Ralph Carr-Ellison, chairman, said that it was a creditable performance when advertising revenue was so depressed. The results for the full year would depend on level of revenue in the autumn.

The shares closed 7p lower at 253p.

The company, the independent television contractor for the north east of England, said that the period had shown its continuing ability to control operating costs which were 3 per cent lower in spite of an increase in freelance staff and overtime spending.

Turnover for the six months to the end of June was slightly lower at £31.72m (£31.98m) for trading profit 20 higher at £4.16m (£3.47m). The increase was mainly due to lower programme costs of £10.41m (£11.52m).

Investment income was lower at £773,000 (£1.19m) the comparative figure having included a special dividend of £579,000 prior to the sale of the TV Times.

The levy increased to £1.49m (£1.28m) resulting from the new rules.

After tax of £1.28m (£1.25m) earnings per share were 20.9p (20.86p). The interim dividend is maintained at 6p.

Nadir's Polly Peck holding tops 25.4%

By Clay Harris

Mr Asil Nadir, chairman and chief executive, bought .4m shares in Polly Peck International on Tuesday, at prices between 273p and 296p. The purchases raised his total interest to more than 111.3m shares, or 25.47 per cent of the issued share capital.

Mr Reg Mogg, who joined the Polly Peck board on August 12 and will become finance director on October 1, bought 5,000 shares on Wednesday at 300p each.

In yesterday's weak market Polly Peck shares fell 23p to close at 281p. This is still nearly 15 per cent above the 245p low they reached mid-session on August 29, five days after Mr Nadir was criticised by the Stock Exchange's quotations panel for the way he broached and then withdrew a conditional approach to buy out other shareholders.

On Monday, Polly Peck reported a 72 per cent advance in interim pre-tax profits to £110.5m.

Evans Halshaw declines to £2.56m

MUCH HIGHER interest charges in the first half slashed pre-tax profits from £4.2m to £2.56m at Evans Halshaw, the Birmingham-based motor dealer which last week sold the whole of its UK aftermarket vehicle parts division, writes Clare Pearson.

The rise in interest charges from £1.4m to £3.1m arose mainly from the inclusion of the cost of funding the part of the contract hire fleet which Evans Halshaw retained after the disposal at the end of 1989.

The contract hire fleet was previously financed off-balance sheet, but when the bulk of it was sold the balance came back into group borrowings.

Mr Geoffrey Dale, chairman, said the company had taken a strategic decision to get rid of borrowings with the disposal of businesses not connected with vehicle retailing and distribution. This culminated last week in the sale of Moprod-Supra, the vehicles parts division, which cut borrowings by £12.5m.

At the trading level, profits were about static at £5.66m (£5.65m). Behind this, the car dealerships maintained similar levels of profitability to last year, there were losses at Moprod-Supra, a sharp downturn in the truck dealerships, and restructuring costs.

Turnover was £206.64m (£204.88m). Earnings per share fell to 7.7p (12.9p). But the interim dividend is kept at 3.6p.

● COMMENT

Evans Halshaw provided less of a clear reflection of the state of the motor distribution business than Appleyard during the interim period as it was in the throes of a corporate reshaping. Moprod-Supra, the product of an ill-starred plan to build up a presence in parts distribution, affected the interim result but will cease to do so in the future; interest charges relating to the contract hire business are set to diminish in the second half. Partly because of these factors, the share price was unmoved yesterday even though pre-tax profits were lower than feared. Nevertheless, put together with the results from Appleyard, these figures set people wondering how badly some of the other players must be faring if well-regarded, medium-sized companies like these are suffering so much in current market conditions. Full-year pre-tax profits should be approximately £6m, for a prospective p/e of about 9.5: a bit expensive in a highly depressed sector.

All-round growth lifts Portals 12%

By John Thornhill

THE MARKETING success of the round tea bag was one factor which helped Portals Holdings, the papermaking and control products group, lift pre-tax profits by 12 per cent in the six months to June 30.

The company reported that demand for tea bag paper was buoyant as a result of the new design and helped the newly-acquired JR Crompton business record a sound performance.

Portals' other businesses also contributed well and its protection and control products experienced particularly strong profit growth of 20 per cent.

Overall, taxable profits increased from £10.04m to £11.22m on marginally lower sales of £92.1m (£92.5m).

Fully diluted earnings per share grew by 12 per cent to 12.21p (10.95p), and the interim dividend is raised to 5p (3.5p).

● COMMENT

"It's nice to see a company with a smile on its face at the moment," said one analyst after the results' meeting. This set of figures does indeed look encouraging considering the enveloping gloom elsewhere and it is difficult to see what might wipe Portals' smile away in the immediate future. The banknote business looks secure enough as the company dominates the market with about a 50 per cent share of available world business, while the protection and controls division looks poised for further healthy growth on the back of environmental concerns. Thames Water's claim and adverse currency movements might take the edge off the optimism this year but Portals' shares should move ahead strongly when the market recovers. Assuming pre-tax profits of approximately £27m, Portals' shares are on a prospective multiple of under 9.

Whitecroft

Whitecroft has sold Meldex, a garment concern, to E Rubenstein and Sons.

UK COMPANY NEWS

Eagle Trust sells forge side to Folkes for £10m

By Andrew Hill

WALTER SOMERS, the forgemaster caught up in the Iraqi "supergun" controversy, is to be sold to Folkes Group, the Midlands-based property, engineering and building products company, as part of Eagle Trust's debt-reduction strategy.

The troubled mini-conglomerate has also agreed to sell Clarke's Crank & Forge Company to Folkes. The deal should raise about £10.3m, a surplus of some £2.2m over the book value of the two businesses.

That will go towards reducing Eagle Trust's debts of £97m, the first stage in transforming the group into a television and film services company, which would then be spun off.

Mr David James, who became chairman of Eagle Trust just under a year ago, plans to sell other subsidiaries of the company, which is under investigation by the Serious Fraud Office for alleged frauds committed before Mr James took over.

Mr James said yesterday that he was very happy with the price paid for the two businesses. Further disposals would "unfold over the next couple of months."

Folkes said it was not buying any assets or liabilities relating to the completed Iraqi contracts.

In May, customs officers said they believed that steel piping and other components which Somers and another company, Sheffield Forgemasters, were supplying for an Iraqi petrochemical contract were in fact intended for a large gun.

Mr Peter Mitchell, Somers' managing director, was arrested in May and charged with illegally exporting equipment. He was remanded on bail of £25,000 last month.

The acquisition of Somers and Clarke's should give Folkes annual forging turnover of some £35m, doubling the size and capacity of the company's forging operations and increasing its exports.

In 1989, when Eagle Trust reported pre-tax losses of £7.55m, Somers and Clarke's generated profits of £1.85m before tax from combined turnover of £17.7m.

LMS profits accelerate by 44% to £26.31m

By Katrina Lowe

PROFITS GROWTH accelerated at London Merchant Securities in the year to March 31 and took the taxable result up 44 per cent from £18.25m to £26.31m.

At the halfway stage the investment holding company, which is owned 50.79 per cent by Westpool Investment Trust, advanced 69 per cent to £11.83m.

The company pointed to the rise in net rental income by £600,000 to £20m and said that income from this source would show continuing growth.

There was also an increased contribution of £7.51m (£6.33m) from its holding in First Leisure and nearly doubled interest from short-term deposits at £12.73m (£6.58m).

An increased final dividend of 2.6p has been recommended, making a total for the year of 3.4p (3.2p). Earnings per share came through at 6.62p (4.73p) basic and 4.92p (3.61p) fully diluted.

Lord Rayne, chairman, said that BSB Holdings, in which a 5.03 per cent stake is held, was steadily increasing its audience since being launched in March. However, it still had to be regarded as a high risk exposure.

Energy Ventures, a US energy investment, would benefit from any sustained rise in energy prices.

The rationale behind rapid expansion

Alice Rawsthorn looks at the acquisitive progress of Shandwick

LIFE IS rarely fair. If a company has never missed a profits forecast; if it has increased pre-tax profits by over 60 per cent every year; and if it leads a global market with compound growth of 20 per cent why are its shares on a prospective p/e of 5?

The answer is that Shandwick, the company in question, is a public relations group and a member of the marketing services sector. The sector has been hit by so many crises this year – from the traumas at Saatchi & Saatchi, to the demise of Michael Peters – that none of its members, crisis-torn or not, has emerged unscathed.

Shandwick, like almost every other marketing company, has watched its share price slide steadily. "Am I depressed about the share price? Of course I am," said Mr Peter Gummer, chairman. "But the harsh truth is that if you went through the marketing services sector and drew a yellow line across every company that has messed up, there would not be many left."

But Shandwick is not simply the victim of sour sentiment towards its sector. Even before the marketing sector dived into the doldrums, it had sapped the City's sympathy by staging a stream of acquisitions. The acquisitions had also left Shandwick with many of the characteristics – heavy debts and hefty earn-out commitments – that the City associates with accident-prone marketing companies.

Mr Gummer maintains the acquisitions were all worthwhile. He started Shandwick in 1974 with one client, 3i, his former employer, in "a garret room up 196 steps" on Carlos Place in London's Mayfair. The name came from Shandwick Publishing, a business begun by his father, Canon Selwyn Gummer, to sell "off-the-peg" sermons to his fellow clerics to pay school fees for Mr Gummer and his brother, John, the cabinet minister.

By the time Shandwick went public in 1985 it was the third largest PR consultancy in the UK. Today, after 45 acquisitions, it is not only three times larger than its closest UK competitor, but the world's biggest single public relations company.

"We are in an industry with compound growth of 20 per cent a year. We would be bananas not to exploit it" - Peter Gummer

Warburg, its broker, forecasts a 41 per cent increase in pre-tax profits to £20.9m for the last financial year to July 31 and another increase to £26.5m this year. Shandwick now employs 2,100 people in 70 subsidiaries across 21 countries. Half its revenue comes from North America. The rest is divided between Asia-Pacific and Europe.

Its consultancies are involved with everything from conventional consumer PR, like the opening of McDonalds in Moscow; to political lobbying for the Royal Society for the Prevention of Cruelty to Animals in London; and publicity for movie stars, such as Sylvester Stallone, in Los Angeles.

The rationale for Shandwick's expansion has been to create an international network of PR consultancies. Public relations is predominantly a national discipline, but the number of international programmes – those that adopt the same strategy across a number of different countries – is increasing.

Only a handful of PR consultancies are really capable of operating on an international level. Hill & Knowlton, now owned by the UK's WPP Group, and Burson-Marstellar, a subsidiary of Young & Rubicam, the US advertising agency, have traditionally been the only truly international networks. Shandwick spotted an opportunity to create a third.

When Shandwick first went public it found it difficult to persuade other PR companies, especially those in Europe, to take it seriously as a potential purchaser. After a series of acquisitions in the US and Asia-Pacific, it slowly won enough credibility to expand in Europe.

Shandwick's competitors claim that it is still not a fully fledged international network, but a collection of independent companies. Mr Gummer brushes aside the criticism. He says 15 per cent of Shandwick's new business is now international. Moreover, he says, the network is so new that the real benefits in terms of cross-refering accounts from consultancy to consultancy are only just emerging.

Mr Gummer also dismisses the City's criticism that Shandwick has paid too high a price – in terms of net debt of £30m and £55m of earn-outs to be paid between now and 1995 – to build its network. Mr Gummer counters by saying that the earn-outs are not only performance-related, but capped so they will be covered by the companies' own cashflow.

Shandwick is now reorganising its Japanese debt so it can write off goodwill against the profit and loss account. This should not only save £1m a year in interest, but also means it will not pay tax in Japan until 1998. Shandwick's tax rate should fall from 34 to 32 per cent for the recently completed financial year and then to around 30 per cent for the next five years.

The City is still sceptical. Shandwick's share price now languishes at 108p, against 140p a year ago. The real risk is that a predator could come along – only 16 per cent of the equity is held by management – and pick up the world's largest public relations consultancy for a pittance.

Shandwick's only consolation is that its network is virtually completed, so it does not need a high share price to finance further acquisitions. Mr Gummer envisaged a few small, strategic deals – in South Korea and Taiwan and into political lobbying in the US – but does not anticipate any major acquisitions.

"After all there is lots of potential for organic growth," he said. "We are in an industry with compound growth of 20 per cent a year. We would be bananas not to exploit it."

Rapid expansion restricts Forwell to £155,000

By Katrina Lowe

FORWELL GROUP suffered a sharp setback in the six months to June 30. Taxable profits fell from from £562,000 to £155,000 and earnings per share halved to 3.5p.

Mr Michael Wheller, chairman, said that problems had been caused by the rapid expansion of the office interior design group.

Forwell Design & Contracts had only broken even, compared with profits of £300,000-£400,000 last time. Staff level had been halved to curb high overheads at the subsidiary.

The overall result for the full-year is not expected to reach last year's level, Mr Wheller said. But the USM-quoted company would be back on track by 1991.

Sales rose 22 per cent to £6.19m (£5.06m), but operating profit declined to £275,000 (£629,000). An interim dividend of 0.375p is declared.

Cash and carry strength helps Booker reach £36m

By Clay Harris, Consumer Industries Editor

BOOKER, the food distribution and agribusiness group, has begun to reap the benefits of its UK market leadership in cash and carry wholesaling. Yesterday it reported a 19 per cent advance, from £30.3m to£36.1m, in interim pre-tax profits.

Group turnover rose by 22 per cent to £1.28bn (£1.05bn). Food distribution accounted for profits of £12.9m, a 59 per cent rise on the 1989 first half, enabling that sector nearly to match agribusiness as Booker's largest contributor.

The strong performance for the six months to June 30 was announced as Booker continued to await regulatory clearance of its agreed £300m takeover of Fitch Lovell, another food services group.

The Office of Fair Trading will make its recommendation on the deal later this month.

The chances of approval without a monopolies reference may depend on how far the OFT subdivides the affected market. Booker claims it would have only an 8 per cent share of deliveries of food and non-alcoholic drinks to caterers.

Mr Jonathan Taylor, chief executive, said that however Booker defined the market, "we can't get any number to pass 20 per cent." Booker would have a share "in the teens" of food delivered at ambient temperature, he said.

Agribusiness was the laggard among Booker's main divisions, but McConnell Salmon returned to profit. A $2m (£1.1m) Iraqi order of vegetable seeds was caught by the trade embargo.

North America accounted for 41 per cent of pre-tax profits, but Booker so far has escaped the depressing translation effects of the weaker dollar.

Aided by a fall in the tax charge from 26.4 to 24 per cent, earnings per share rose by 22 per cent to 14.76p (12.07p).

The interim dividend rises to 7.25p (6.5p), with a scrip alternative.

● COMMENT

The successful integration of Linfood augurs well for the assimilation of Fitch Lovell, assuming it proceeds without undue delay. The positive interpretation of agribusiness continuing to disappoint is that there is recovery yet to come. In any case, the spread of interests is broad enough to absorb one or two setbacks at any one time. If the OFT gives the go-ahead, Booker will bring Fitch in from September 1 and hope to raise £50m through disposals by the end of the year. In that case, pre-tax profits of £109m are within reach, for a prospective multiple of 9.5. A brave way to buy into Booker at about 330p, rather than yesterday's market price of 394p, would be to go for Fitch. However, little stock is likely to be available and the downside in case of referral is steep. Underwriting institutions may be heavy with shares in the short term, but Booker still looks good value.

FIRST HALF RESULTS BY ACTIVITY (£m)

	Sales	%change	Pre-tax profit	%change
Food distribution	1050.5	+23	12.9	+59
Agribusiness	102.4	- 7	13.0	+ 6
Health products	101.0	+71	6.0	+94
Other	22.6	+ 9	4.2	-38
Total	1276.5	+22	36.1	+ 19

Courtaulds Textiles shares dip on 4.5% gain

By Andrew Jack

COURTAULDS Textiles yesterday announced a 4.5 per cent rise in pre-tax profits from £15.7m to £16.4m for the six months to June 30 – its first result since demerging from Courtaulds, the chemicals group, at the start of the year.

The outcome fell short of market expectations and the shares fell 12p on the day to 231p.

Turnover was slightly down at £480.9m (£484.3m). Earnings per share rose to 11.9p (11p) and the directors recommend a dividend of 4p.

Mr Martin Taylor, chief executive, said that "all things considered" the results were satisfactory. "We are already seeing benefits from the demerger in terms of motivation and clarity of purpose. The business performed robustly though markets were difficult."

Operating profits were up 6 per cent to £22m (£20.7m), which included an increase of 12 per cent in UK profit and 1 per cent overseas.

In the clothing division turnover grew by 8 per cent to £221.7m (£206.1m) and profit more than doubled to £8.6m (£3.8m). Most of the turnover growth came from the acquisition of Georges Rech, a French fashion company.

Turnover in fabrics declined 9 per cent to £226.7m (£248.2m) and profit by 22 per cent to £13.8m (£17.6m) as a result of poor volumes in US stretch fabric and exceptionally high profits a year ago.

The spinning business continued to shrink with losses of £400,000 (£700,000), and the company made redundancies and closures contributing to the £2m extraordinary item below the line.

● COMMENT

With some analysts projecting interim pre-tax profits as high as £20m, it was hardly surprising that the share price dropped yesterday after the results were announced. Much of the decline came with the fall in the market as a whole, but high interest rates and weaker consumer demand have hit the textile sector badly. The leap in sterling has hardly helped Courtaulds Textiles in competition with foreign suppliers. Besides these poorer economic conditions, the progressive restructuring during the period under review added to analysts' confusion. But followers of the company felt the share price fall was overdone and were not particularly surprised or disappointed in the figures, given the changing circumstances. A strong management team is keeping them ahead during difficult times. On pre-tax profits of £38m, earnings per share would be 28.7p giving a p/e ratio of 8.2.

'Sparkling' performance in Europe helps Reckitt rise 15%

By Clay Harris, Consumer Industries Editor

RECKITT & COLMAN, the household products, food and drugs group, raised first-half profits by nearly 15 per cent to £113.15m in spite of what it described as unfavourable trading conditions and competitive pressures in many markets.

The advance from £98.56m in the first half of 1989 came on turnover up 14.5 per cent to £843.5m (£736.9m).

Trading profits in the UK fell by 15 per cent to £24.9m. Mr John St Lawrence, chief executive, said results had been hit by the process of restructuring European operations to set up single manufacturing sites for most products.

An extraordinary debit of £5.33m also reflected further costs arising as part of this programme.

Output suffered at Hull, where 700 of 3,700 jobs are being axed. It will become the centre for shoe polish, fire lighters and laundry blue, but loses its role in air fresheners, metal polish, denture cleansers and some liquid cleaners.

"Clearly, morale at Hull has been affected by the redundancies we're pushing through," Mr St Lawrence said.

The downturn in Britain was more than offset by what Sir Michael Colman, chairman, described as a "sparkling" performance in continental Europe where trading profits rose by 57 per cent to £30.38m aided by several small acquisitions.

Other strong results came from Brazil and Mexico. North American profits rose by 14 per cent to £11.85m, but the weak Australian economy cut the contribution from Australasia and Asia by 5 per cent to £20m.

The results contained a provision, amounting to less than £1m, for bills unpaid by Iraq for pharmaceutical products.

They do not include any contribution from the £760m acquisition of the US-based Boyle-Midway household products and depilatory business, which was completed on June 29.

Reckitt already has closed Boyle-Midway's research facility and Manhattan head office. It is preparing to consolidate the administration and sales teams with its own in the US.

It said the purchase, which is being financed by bank borrowings, disposals and the issue of £200m in convertible bonds, would not dilute earnings significantly this year.

The Boyle-Midway deal will sharply increase group interest payments, which amounted only to £320,000 (£1.26m) in the first half. Reckitt expects net debt of £450m at the year end.

Its fine arts and graphics division, which was sold in July, accounted for £1.1m of profits in the first half.

Reckitt said several approaches had been received for its industrial colours division. The sale of an Indonesian spices subsidiary based in the Netherlands was imminent.

Earnings per share advanced by 14 per cent to 47.79p (41.96p), and the interim dividend rises by 15 per cent to 12.25p (10.65p).

See Lex

FIRST HALF RESULTS BY ACTIVITY (£m)

Household &toiletry	461.01	+ 18	67.22	+ 16
Food	253.04	+ 10	21.36	+ 13
Pharmaceutical	76.76	+ 2	15.95	+2
Other	52.67	+29	8.94	+ 23
Total	843.48	+ 14	113.47	+ 14

Holmes Protection cuts costs in recovery move

HOLMES PROTECTION Group managed to reduce operating costs by about 18 per cent in the first six months of 1990, as the New York security company struggled to recover from the depressed trading and boardroom upheavals of the last 18 months, writes Andrew Hill.

In the half year to June 30, the London-quoted group made $3.15m before tax ($2.83m), but the 1990 figure included a $2.6m profit on the sale of assets. Operating profits were down from $5.8m to $3.8m after costs of $14m, compared with $17.2m in the second half of 1989. Earnings were unchanged at 4 cents per share.

The group has to raise $27m through asset disposals before the end of the year to meet the first tranche of debt repayments. In line with the strict terms of its loan agreements, no interim dividend was declared.

Once sales are agreed, a date will be set for the annual meeting and a special shareholder meeting at which the sale and restructuring proposals will be considered.

Holmes shares, worth 88p less than a year ago, rose ½p to 9½p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Appleyard ....int	2.6†	-	2.6	-	5.2
Blackwood Hodge ...int	0.25	Nov 9	0.65	-	1.65
Booker ....int	7.25†	Jan 2	6.5	-	19.5
Burmah Castrol ......int	8.5	Jan 7	8	-	21.5
Cookson ....int	3	Nov 23	3	-	9
Courtaulds Text ......int	4	Oct 30	-	-	-
Enterprise Oil ....int	6	-	5.25	-	13
Evans Halshaw ......int	3.6	Oct 15	3.6	-	11.25
Forwell ....int	0.375	Oct 22	-	-	1.32
Gibbs and Dandy ....int	nil	-	nil	-	2
Hambro C'wide ......int	0.05	Oct 29	nil	-	nil
Instem § ....int	1.2	Nov 30	1	-	2.5
Intrum Justitia ....int	0.6	-	-	-	1
London Merchant ....fin	2.6	Nov 13	2.4	3.4	3.2
Portals ....int	5	Dec 31	3.5	-	11.5
Reckitt & Colman .....int	12.25†	Jan 7	10.65	-	29.75
Russell (Alex) ....int	1	Nov 30	0.54	-	1.61
Thames TV ....int	5.15	Oct 23	5.15	-	12♥
TLS Range § ....int	1	Oct 5	-	-	-
Tyne Tees TV ....int	6	Oct 29	6	-	19
Vinten ....int	1.7	Dec 31	1.45	-	4.9☆
Wilson Bowden ......int	2.4	Nov 6	2.2	-	7.6
Wilson Connolly ......int	1.21	Oct 22	1.15	-	3.45

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♥For nine months. ☆For year to end-March 1989. Year-end changed and 4p paid for nine months to end-December 1989.

COMMODITIES AND AGRICULTURE

Crisis threatens Gulf aluminium expansion

By Kenneth Gooding, Mining Correspondent

ALUMINIUM PRICES have soared to the highest levels for 15 months partly on the back of fears about the impact on supplies of the Gulf crisis. But analysts suggest the real threat is that new primary aluminium capacity planned for the Gulf will be delayed or cancelled, leaving the western world short of the metal well into the 1990s.

On the London Metal Exchange yesterday the cash price closed at $1,969 a tonne, up $60 on the day, having climbed by 6 per cent since Monday. The three-months price rose $30.50 to $1,949 a tonne, up 4 per cent this week. Traders said profit-taking held the price in check late in the day after strong buying by speculators and traders worried about a severe tightening of supplies in the fourth quarter.

Demand for aluminium is already running ahead of production capacity. To catch up, primary aluminium output needs to rise from the current annual level of just over 14m tonnes to about 17m tonnes by 1994, analysts suggest. And, while the Gulf provides only 2.4 per cent of the world's present aluminium smelting capacity, about 25 per cent by tonnage of all the new or planned smelter projects is intended to be in the region.

"The potential impact of a prolonged period of instability in the Gulf poses serious problems for aluminium supplies," suggests Mr Angus MacMillan, head of research at Billiton-Enthoven Metals. "Plans are already afoot, at various stages of development, to capitalise on the cheap power available in the Gulf to increase capacity significantly over the next few years. Any delays or, worse, cancellations pose supply problems and further possible tightness in the medium term."

At present there are two large operating aluminium smelters in the Gulf – Alba's in Bahrain, with the capacity to produce 225,000 tonnes a year, and Dubal's in Dubai, with an annual capacity of 170,000 tonnes.

So far neither seems to have been affected by the flare-up to any great extent, although shipments of metal to Iraq and Kuwait have been suspended. However, this does not represent a significant proportion of either smelter's production.

There is a third smelter in the region but Mr MacMillan says that output from Iran's small Arak smelter, with a capacity of about 50,000 tonnes of aluminium a year, is nearly all used inside that country.

On the other hand about half the combined output of the Dubai and Bahrain plants – about 200,000 tonnes a year – is available for export. Expansion of these two smelters is already well advanced. Capacity is being increased to 235,000 by 1994 in Dubai and to 460,000 tonnes in Bahrain.

Earlier this year Iraq signed an agreement with Pechiney, under which the state-owned French group was to have supplied technology similar to that currently being employed in the construction of its own smelter being built at Dunkirk.

Construction of the Iraqi smelter at Nassiriyah was due to start in December and the first metal scheduled to be poured towards the end of 1993. Nassiriyah was designed to have an annual capacity of 215,000 tonnes.

Pechiney has informed the Iraqi authorities that it has "interrupted" the contract in order to comply with the European Community embargo on trade. In typical Gallic style, Pechiney insists the contract has not been cancelled. But obviously the smelter will not be built by 1993 even if there is a quick resolution of the crisis.

Two other smelter projects for the Gulf have been mooted: a 193,000 tonnes a year plant at Doha in Qatar and a 220,000 tonnes project at Yanbu in Saudi Arabia. Mr MacMillan suggests that these projects have been put "on the back burner" until the political picture in the Gulf becomes clearer. It was previously anticipated that both would come into production during 1993.

Mr MacMillan says: "This schedule was probably optimistic and neither project was making particularly quick progress. At best further delays are in prospect."

In the short term aluminium producers do not have any room to compensate for lost production. Data from the International Primary Aluminium Institute show western world monthly production has remained virtually unchanged in the 18 months to the end of June at an annualised rate of 14.4m tonnes. Capacity utilisation is therefore running at a near-record 98.2 per cent.

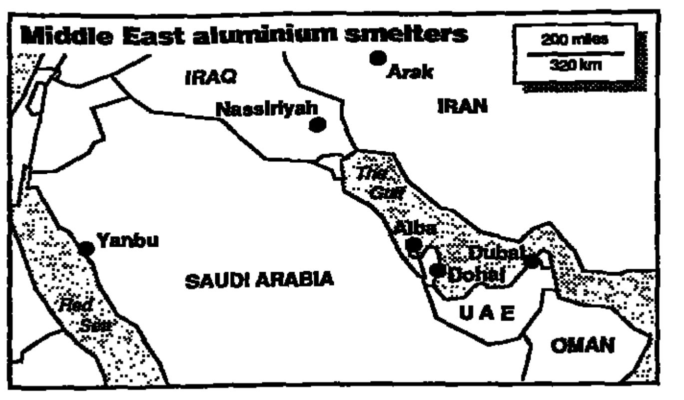
"Assuming a reasonably swift resolution to the Middle East crisis, a return of oil prices to $25 a barrel and the continuation of moderate economic growth, aluminium consumption for 1990 should rise by 1.9 per cent to 14.95m tonnes," suggests Mr Tony Hayes, metals analyst at James Capel. "This level of consumption should absorb the additional metal produced from the start-up of 310,000 tonnes of new capacity scheduled for the second half of the year."

Next year, according to Mr Hayes, aluminium demand could rise another 3 per cent to 15.4m tonnes, which would result in the depletion of producers stocks from the present 3.1m tonnes to 2.9m tonnes, so "a particularly strong aluminium price could be a prospect for the next 18 months."

However, he adds an important caveat. If oil prices rise and remain at a high level for even a few months, "consumer spending on housing and durables seems certain to be negatively affected."

That would result in a drop in industrial production which would bring aluminium consumption down faster than producers could reduce output – even though rapidly rising energy costs would give them great incentive to shut high-cost, marginal capacity.

Middle East aluminium smelters



Capacity Expansion Plans ('000 tonnes a year)

Country	Smelter	1990	1992	1994 (possible)
Bahrain	Alba	225	350	460
Dubai	Dubal	170	235	235
Iraq	Nassiriya			215
Iran	Arak	50	50	50
Qatar	Dohal			193
Saudi Arabia	Yanbu			220
Total		445	635	1,373

Source: Billiton-Enthoven Metals

Gummer outraged as French 'thugs' burn more British lambs

By Bridget Bloom, Agriculture Correspondent

FRENCH DEMONSTRATIONS against British sheep of sheep showed little sign of abating yesterday as a further incident involving the slaughter of 386 animals in France provoked angry reaction from Mr John Gummer, Britain's agriculture minister.

Mr Gummer described the latest incident, by farmers in Bellac in central France, as "outrageous and barbaric."

The sheep farmers were reported to have intercepted the truck carrying the lambs at 3 am on Thursday morning, and, unlike an incident two weeks ago when British lambs were burned alive by angry farmers in Western France, taken them to the Bellac abattoir to be slaughtered before their carcasses were burned.

Describing such "uncivilized behaviour" of the farmers as "utterly deplorable", Mr Gummer said: "Highway thuggery has no place in the European Community."

Mr Gummer said he had called on the French Government "to trace and charge the perpetrators of this crime and all previous incidents." Britain was providing the French authorities with all the information it had to help them bring the wrongdoers to justice.

The apparent lack of firm action by the French Government has clearly irritated Mr Gummer who in a radio programme yesterday said that Welsh farmers - who have had their own much less violent demonstrations in recent days - were perfectly right to be cross about the fact that certain French farmers "had decided to take the law into their own hands."

Mr Gummer said that while the French Government had been "much tougher on their farmers than I've known in the past when these arguments have taken place," it was still true that nobody had been arrested. He added, "until somebody is arrested, until it's seen that the police, not just at the ports, but right back through France, are upholding law and order, then I shall not be satisfied at all."

French and British sheep farmers have been demonstrating against the collapse of sheep meat prices over the last few months, caused partly by overproduction and partly by changes to the EC's sheep meat support regime, which is designed to reduce the disparities which, the French maintain, have given British and Irish producers an unfair advantage on Continental markets.

Portuguese angry over imported meat

By Patrick Blum in Lisbon

ANGRY PORTUGUESE farmers are threatening to destroy imported meat and livestock unless the Government immediately revokes measures to liberalise agricultural imports.

The warning follows a series of increasingly bitter protests by farmers, including road blockades in various parts of the country. Other actions are planned in what is rapidly escalating into a major confrontation between the farmers and the social democratic administration of Prime Minister Anibal Cavaco Silva.

The Confederacao dos Agricultores de Portugal, which has led the protests, says the survival of producers is threatened by government measures announced last June to liberalise agriculture, which include a reduction in subsidies for cattle, pork and poultry farming.

Farmers are already seriously affected by high interest rates and rising production and energy costs, the association says. The farmers also want the Government to renegotiate stage two of Portugal's commitments with Brussels over European Community integration for agriculture, which is due to come into effect in 1995.

Portuguese agriculture suffers from serious inefficiencies and is generally perceived as being about 30 years behind the more advanced European Community countries. A growing proportion of agricultural produce is imported from other EC countries.

Bleak outlook seen for uranium industry

By Kenneth Gooding, Mining Correspondent

THE BELEAGUERED uranium mining industry can expect no relief from low demand and poor prices for at least the rest of this century.

That was the stark message delivered yesterday by the Uranium Institute, a London-based organisation which has members in all parts of the nuclear and uranium industries.

The institute presented its updated demand and supply forecasts and concluded that the western world's nuclear power industry would continue to buy much less uranium than it needs and live off excess stocks until at least the year 2000.

A supply shortfall "is unlikely to develop during the 1990s," delegates to the institute's annual symposium in London were told.

"At the start of the next century, uranium deposits beyond those currently planned will have to be developed. At this stage it is impossible to say whether high-cost resources, especially in developing countries and the US, would become attractive again," the institute added.

Forecasting was difficult because it was not known whether Australia would change the policy restricting uranium mining to three locations or whether eastern European countries would increase supply to the extent needed to compensate for decreasing western production.

At present, however, exploration expenditures appeared to be too low to ensure that exploited reserves were replaced by new discoveries – "and this in spite of the good discovery potential remaining in a number of well-established uranium provinces."

Uranium has only one application: for nuclear energy. Demand depends ultimately on nuclear generating capacity in the 25 countries using that form of power.

The institute's latest forecasts suggested that overall reactor requirements would increase "moderately but continuously" between 1990 and 2000 from 45,700 tonnes to 52,000 tonnes a year.

Supply from the mines, held back by recent and planned closures, was forecast to be 43,439 tonnes this year, rising to 43,914 tonnes in 2000.

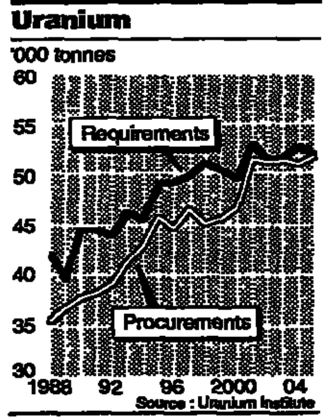
However, when potential supply from other sources – such as reprocessed fuel and a possible 1,300 tonnes in 1990 and 4,000 tonnes in 2000 from China and the Soviet Union – was taken into account, forecast supplies rise from 46,848 tonnes this year to 62,200 in 2000.

Estimates of western world uranium stocks varied between 160,000 and 209,000 tonnes, the institute pointed out. But a drawdown was now proceeding at a fairly rapid pace.

By the mid-1990s procurements by the US utilities were expected to be in line with their requirements but "European and Far Eastern utilities" efforts to reduce excess stocks appeared to be spread over a longer time span and to have the greatest effect from 1995 to 2000.

"This is due, in part, to the greater degree of commitment to long-term supply contracts of these utilities," the institute pointed out. However, the western nuclear power industry's procurements and requirements should "approach balance" by the start of the next century.

Uranium



Accident sparks rethink at Chile copper mine

By Leslie Crawford in Santiago

ONE MINER was killed and two seriously injured on Wednesday in the third rock burst this year at El Teniente, the world's largest underground copper mine.

The latest accident led Mr Juan Hamilton, the Chilean Mining Minister, to announce a complete revision of the investment programme for the mine, run by the Chilean Copper Corporation Codelco.

The three rock bursts have occurred in the same sector – an area of brittle primary rock which is being developed because it contains all of the mine's remaining reserves. After the previous rock burst in July, Codelco halted production in tunnel sub-6 to concentrate on fortification work. But now it appears that even this activity has become too dangerous. South African mining experts are being flown in to study the problem.

Canada set for bumper harvest

By Bernard Simon in Toronto

CANADIAN WHEAT farmers are set for their second biggest crop ever this year, but may end up with large unsold stocks if the international grain market remains in the doldrums. Thanks to unusually large plantings of spring wheat and favourable growing conditions throughout the summer, Statistics Canada has estimated this season's crop at 28.6m tonnes, up from 24.3m tonnes last year. Spring wheat production is estimated at just under 23m tonnes, compared to 18.9m tonnes in 1989.

A cool wet spring has delayed the crop by several weeks, however. The Saskatchewan Wheat Pool reported last week that just under half the crop in that province had been cut and 19 per cut combined, compared to the five-year average of 65 per cent swathed and 35 per cent combined at the end of August. But Statistics Canada expected "good yields in most regions."

Concern about market conditions is reflected in unusually low delivery quotas set recently by the Canadian Wheat Board.

Canada has been a large supplier of wheat and barley to Iraq, its fifth biggest customer last year.

Falklands fishery talks to continue

By John Barham in Buenos Aires

BRITAIN AND Argentina are to continue talks on controlling fishing in the South Atlantic, following the first meeting of the Argentine-British working group on South Atlantic affairs in Rio de Janeiro this week.

Diplomats met on Tuesday and Wednesday to discuss ways of maintaining fish stocks in the region, depleted by overfishing. Officials are to meet again before the end of the year on neutral territory, probably in Europe.

The diplomats said the fisheries talks were limited to strictly technical topics without any discussion of sovereignty over the Falkland Islands.

The joint comunique stated "the working group considered information available on the operations of fishing fleets, pertinent statistics, and analysis of the state of fish stocks." Fishing fleets from around the world have converged on the disputed South Atlantic waters, rich in fish and squid, a prized delicacy in Asia.

MARKET REPORT

Coffee prices closed well ahead in London after following New York up in the afternoon. But by New York's midsession prices were in retreat after news that Brazil will not cede market share at negotiations, starting September 17, for a new international coffee pact. The reports were one of the main reasons for the midday sell-off, a dealer said. Cocoa prices closed ahead in London and were moving up in New York by midsession on news of further civil unrest in the Ivory Coast, the world's biggest producer, as troops fought with opposition party protesters for the second time in a week. On the London bullion market gold had a quiet day, ending up $2.75 ahead at $389.75. But platinum was in retreat - dealers said concern about a recession in the US could have contributed to the fall, with industrial end-users possibly dumping metal they do not now need. Support for platinum is put at around $475 and a breach of that level could trigger a further drop of about $15. Copper prices recouped some of Wednesday's losses on the LME yesterday, partly reflecting renewed concern over supply disruptions from South America, traders said.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$27.85-7.95w	+0.90
Brent Blend	$31.00-1.05w	+1.225
W.T.I. (1 pm est)	$31.25-1.28w	+1.80
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$427-432	+15
Gas Oil	$273-274	+8
Heavy Fuel Oil	$110-116	+5
Naphtha	$307-310	+7
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$389.75	+2.75
Silver (per troy oz)♣	480c	+1
Platinum (per troy oz)	$480.80	-3.05
Palladium (per troy oz)	$111.00	-0.25
Aluminium (free market)	$1980	+60
Copper (US Producer)	134c	+3
Lead (US Producer)	50c	
Nickel (free market)	500c	-6
Tin (Kuala Lumpur market)	15.20r	-0.05
Tin (New York)	271c	+2
Zinc (US Prime Western)	81c	
Cattle (live weight)†	104.29p	
Sheep (dead weight)†	143.05p	
Pigs (live weight)†	78.08p	
London daily sugar (raw)	$280.0q	+7.0
London daily sugar (white)	$330q	+4
Tate and Lyle export price	£256.5	+3.0
Barley (English feed)	£113	
Maize (US No. 3 yellow)	£148.5w	
Wheat (US Dark Northern)	£84.2q	
Rubber (Oct)♥	52.25p	-0.25
Rubber (Nov)♥	52.50p	-0.25
Rubber (KL RSS No 1 Oct)	243.5m	
Coconut oil (Philippines)§	$300.0v	-5.0
Palm Oil (Malaysian)§	$282.5w	
Copra (Philippines)§	$210t	
Soyabeans (US)	£148	
Cotton "A" Index	81.40c	-0.20
Wooltops (64s Super)	435p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	256.20	246.40	257.00 248.00
Dec	253.00	244.00	245.00 240.00
Mar	243.40	235.00	244.60 235.60
May	244.40	234.60	243.00 235.40
Aug	246.00	236.80	240.00
Oct	247.40	237.80	247.00 239.00
Dec	260.00	239.00	235.00
White	**Close**	**Previous**	**High/Low**
Oct	322.0	318.0	325.0 317.5
Dec	312.5	307.0	313.5 307.5
Mar	313.0	307.0	315.0 309.0
May	313.0	308.5	314.2 312.5
Aug	317.5	313.5	316.0

Turnover: Raw4219 (2043)lots of 50 tonnes. White 2226 (1767)
Paris- White (FFr per tonne): Oct 1680, Dec 1635 Mar 1650, May 1656, Aug 1683

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Oct	30.90	29.89	30.95 30.00
Nov	29.50	28.60	29.55 28.80
Dec	28.50	27.43	28.67 28.00
Jan	27.80	28.76	27.80 27.40
IPE Index	29.80	28.85	

Turnover: 12009 (14123)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Sep	267.50	260.50	268.50 263.25
Oct	268.25	260.75	268.75 263.25
Nov	268.00	260.50	268.25 262.75
Dec	267.50	261.00	268.00 263.00
Jan	262.00	255.00	263.00 257.00
Feb	253.00	244.50	256.50 250.00
Mar	241.00	234.00	241.00 240.50
Apr	233.50	225.75	238.00 233.00
May	232.00		238.00 232.00

Turnover 13772 (14497)lots of 100 tonnes

FRUIT & VEGETABLES
Bramley cooking apples are this week's best buy at 25-35p a lb (30-40p), reports the FFVIB. Grapefruit are abundant at 35-50p each (30-50p) as are kiwifruit at 16-25p (16-25p). Bananas are still plentiful at 40-55p a lb (40-65p). Honeydew melons are a good buy at 60p-£1.50 each (60p-£1.50). This week is a good one for root veg including English carrots at 20-30p a pound (20-30p) and new season cabbage at 20-35p (20-35p). Top quality tomatoes at 40-55p a lb (40-55p) continue to be a good buy along with lettuce varieties such as, Iceberg at 60-80p each (60-80p) and Round at 25-35p (25-35p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	730	725	735 709
Dec	765	758	772 748
Mar	797	787	804 786
May	818	805	823 805
Jul	838	825	842 828
Sep	858	847	860 850
Dec	881		880 874

Turnover: 3827 (7984) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 5 999.92 (1012.98) 10 day average for Sep 6 1001.95 (994.69)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	611	599	615 605
Nov	632	619	639 625
Jan	650	633	655 641
Mar	648	639	655 645
May	660	655	664 658
Jul	670	663	675 665
Sep	682		680

Turnover: 7291 (5842) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 5: Comp. daily 78.82 (77.43). 15 day average 76.44 (76.03)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
Nov	90.0	86.0	88.0 87.0
Apr	135.0	128.5	134.2 129.0
May	150.0	144.5	145.5 144.9

Turnover 346 (124) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)

	Close	Previous	High/Low
Oct	103.00	106.00	104.00 103.00
Dec	112.50	114.00	112.50

Turnover 20 (0) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
Sep	1168	1155	1155
Oct	1180	1170	1180 1170
Jan	1190	1183	1185
Apr	1203	1189	1189
BFI	1194	1192	1194

Turnover 58 (138)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
Sep	111.90	111.55	111.80 111.55
Nov	115.10	114.40	115.10 114.65
Jan	119.20	118.40	119.20 118.65
Mar	122.75	121.90	122.75 122.00
May	126.00	125.00	125.60
Barley	**Close**	**Previous**	**High/Low**
Sep	109.70	109.10	109.50
Nov	113.70		113.70 113.35
Jan	117.70	117.20	117.70 117.40
Mar	120.80	120.50	120.70
May	121.90	121.50	121.90

Turnover: Wheat 321 (854), Barley 131 (50).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Sep	107.0	108.4	106.0
Oct	109.5	109.5	109.5
Nov	107.0	107.4	108.0 107.0

Turnover 31 (53) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,700 lots
Cash	1968-70	1908-10	1982/1962	1981-2		
3 months	1948-50	1918-9	1963/1923	1960-1	1943-4	60,962 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,172 lots
Cash	1570-2	1525-7	1564/1550	1554-5		
3 months	1520-1	1504-5	1527/1506	1508-9	1514-5	108,900 lots
Lead (£ per tonne)						Total daily turnover 1,573 lots
Cash	463-4	457.5-9.5		464-5		
3 months	463-4	459-60	465.5/463	465-6	461-3	11,294 lots
Nickel ($ per tonne)						Total daily turnover 1,615 lots
Cash	10925-75	10800-50	10850/10625	10800-25		
3 months	10800-25	10675-700	10800/10700	10710-25	10775-800	8,938 lots
Tin ($ per tonne)						Total daily turnover 1,032 lots
Cash	5775-85	5750-70		5790-5		
3 months	5890-900	5875-80	5920/5870	5910-20	5900-10	5,963 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,069 lots
Cash	1570-5	1560-5	1572/1572	1572-4		
3 months	1492-3	1495-6	1495/1470	1490-2	1485-8	19,633 lots

LME Closing £/$ rate: SPOT: 1.9045 3 months: 1.8733 6 months: 1.8422 9 months: 1.8191

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	389½-390	204½-205
Opening	388½-389	203-203½
Morning fix	388.25	202.636
Afternoon fix	387.50	203.647
Day's high	390-390½	
Day's low	387-387½	

Coins	$ price	£ equivalent
Mapleleaf	397-402	208½-211½
Britannia	397-402	208½-211½
US Eagle	397-402	208½-211½
Angel	397-402	208½-211½
Krugerrand	388-391	203¼-205¼
New Sov.	91-93	47½-48½
Old Sov.	91-93	47½-48½
Noble Plat	486.55-494.30	255.00-259.05

Silver fix	p/fine oz	US cts equiv
Spot	251.20	480.00
3 months	260.45	489.60
6 months	269.45	499.05
12 months	287.20	519.40

TRADED OPTIONS

Coffee	Nov	Jan	Nov	Jan
600	46	70	14	20
650	20	42	38	42
700	8	24	76	74
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
700	88		19	
750	52	90	38	43
800	32	66	68	68

Brent Crude	Oct	Nov	Oct	Nov
2700	320	330		130
2750				
2800	245	280	12	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	389.7	388.1	0	0
Oct	391.7	388.5	392.0	388.6
Nov	394.0	390.8	0	0
Dec	396.2	393.0	396.7	392.6
Feb	400.6	397.4	401.0	397.2
Apr	404.7	401.5	404.0	402.2
Jun	409.1	405.9	407.3	406.8
Aug	413.2	410.0	411.5	411.5
Oct	417.8	414.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	479.2	481.2	481.5	481.5
Oct	482.2	484.2	483.5	477.0
Jan	488.5	490.2	489.5	486.0
Apr	493.6	495.2	493.0	491.0
Jul	498.6	500.4	0	0
Oct	504.6	506.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	477.0	473.5	478.5	475.0
Oct	479.4	476.1	0	0
Nov	483.0	479.7	0	0
Dec	487.0	483.7	488.0	485.5
Jan	489.4	486.1	0	0
Mar	497.4	494.0	499.0	496.0
May	504.3	500.8	504.5	504.0
Jul	511.6	508.0	511.0	510.5
Sep	519.3	515.6	521.0	517.5
Dec	530.6	526.9	533.0	533.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	128.20	126.15	129.70	128.00
Oct	127.20	125.50	128.40	127.00
Nov	125.45	124.00	126.00	126.00
Dec	123.40	122.20	124.70	122.80
Jan	121.15	120.15	0	0
Mar	116.60	115.90	117.90	116.00
Apr	114.95	114.45	0	0
May	113.40	113.00	113.60	113.20
Jun	111.95	111.65	0	0
Jul	110.40	110.20	110.50	110.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	31.45	29.77	31.50	30.40
Nov	30.88	29.32	31.00	29.90
Dec	30.22	28.71	30.30	29.25
Jan	29.40	28.05	29.60	28.60
Apr	27.35	26.31	27.40	26.55
Jun	26.40	25.50	26.45	25.70

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	8830	8337	8870	8545
Nov	8895	8408	8940	8615
Dec	8940	8464	9000	8650
Jan	8770	8380	8800	8550
Mar	8060	7780	8070	7930
May	7450	7345	7500	7450
Jun	7350	7250	7425	7350

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1277	1250	1277	1277
Dec	1316	1296	1329	1287
Mar	1355	1342	1369	1332
May	1388	1373	1394	1381
Jul	1415	1403	1425	1396
Sep	1445	1433	0	0
Dec	1475	1463	1463	1463

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	99.20	100.25	101.00	99.00
Dec	102.25	103.70	104.60	101.65
Mar	105.05	106.85	107.60	105.00
May	107.00	108.90	109.25	107.00
Jul	109.25	112.00	111.50	111.10
Sep	111.75	114.00	0	0
Dec	114.75	117.00	116.00	116.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	11.24	10.77	11.33	10.78
Mar	10.98	10.48	11.01	10.53
May	10.98	10.53	11.03	10.57
Jul	10.98	10.54	11.00	10.63
Oct	11.04	10.58	11.05	10.65

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	73.48	73.98	74.60	73.40
Dec	72.71	73.16	73.48	72.65
Mar	73.83	74.39	74.85	73.80
May	74.55	75.05	75.10	74.55
Jul	74.45	75.06	75.10	75.00
Oct	70.37	70.85	0	0
Dec	68.25	68.63	68.60	68.60

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	154.30	156.50	157.50	154.10
Nov	141.40	143.95	144.90	141.40
Jan	138.15	140.75	141.50	139.00
Mar	137.90	140.25	141.00	139.25
May	139.00	139.75	141.00	139.00
Jul	139.00	139.25	139.00	139.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 6	Sep 5	mnth ago	yr ago
1808.7	1798.3	1731.3	1906.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 5	Sep 4	mnth ago	yr ago
Spot	129.97	129.54	131.71	129.20
Futures	133.16	132.52	132.46	129.77

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	617/2	611/6	617/4	612/0
Nov	631/6	626/4	632/0	626/2
Jan	645/0	639/6	645/0	639/6
Mar	658/6	653/4	659/0	653/4
May	666/6	661/4	667/0	661/4
Jul	672/6	667/6	673/0	668/4
Aug	663/4	659/0	664/0	661/0
Sep	637/4	637/0	640/0	637/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	24.43	24.37	24.45	24.27
Oct	24.33	24.29	24.39	24.23
Dec	24.48	24.45	24.52	24.32
Jan	24.59	24.57	24.65	24.48
Mar	24.74	24.70	24.85	24.68
May	24.87	24.85	24.96	24.78
Jul	24.93	24.95	25.00	24.90
Aug	24.60	24.55	24.65	24.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	181.2	176.9	181.5	177.5
Oct	182.4	179.0	182.5	179.9
Dec	185.9	183.3	186.0	183.8
Jan	187.0	185.0	187.3	185.5
Mar	189.7	188.0	190.0	188.4
May	191.7	189.0	192.0	190.5
Jul	193.5	191.5	193.5	192.3
Aug	192.2	190.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	243/0	249/2	244/4	241/6
Dec	237/6	236/0	237/6	236/0
Mar	246/4	244/6	246/6	244/6
May	252/6	251/0	252/6	250/6
Jul	256/4	255/0	256/6	254/6
Sep	254/4	253/2	255/0	253/2
Dec	255/0	253/2	255/0	252/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	285/6	283/0	286/4	283/6
Dec	282/4	280/6	283/0	280/0
Mar	294/2	292/4	294/6	291/4
May	301/2	299/2	301/4	299/4
Jul	307/0	304/4	307/0	304/4
Sep	311/0	309/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	77.82	77.27	77.85	77.25
Dec	75.82	75.62	75.85	75.45
Feb	74.80	74.60	74.87	74.47
Apr	75.47	75.32	75.57	75.25
Jun	73.42	73.30	73.55	73.25
Aug	71.55	71.52	71.77	71.55
Oct	71.65	71.55	71.80	71.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	49.35	49.27	49.60	49.22
Dec	50.20	50.17	50.55	50.15
Feb	48.15	48.20	48.40	48.05
Apr	44.30	44.52	44.75	44.25
Jun	48.70	48.80	49.00	48.70
Jul	49.15	49.10	49.15	48.95
Aug	47.90	47.90	0	47.75
Oct	43.60	43.60	0	43.55

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	52.05	51.10	52.15	51.30
Mar	52.00	51.12	52.10	51.30
May	52.47	51.65	52.75	52.10
Jul	53.50	52.80	53.50	53.10

MILL RIDE GOLF CLUB Plc

(Incorporated in England under the Companies Act 1985 – No. 2515069)

The Directors of the Company, whose names appear under "Directors and Advisers", are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Copies of this document, having attached thereto the documents specified in paragraph 12 of Part III, "Statutory and General Information", have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 64 of the Companies Act 1985.

This document is not intended for distribution and should not be distributed to US Persons as defined herein or to persons with addresses in the US or its territories or possessions or to persons with addresses in or residents of the Netherlands, the Grand-Duchy of Luxembourg, Canada and its provinces or territories or Japan or to any corporation, partnership or other entity created or organised under the laws of the Netherlands, the Grand-Duchy of Luxembourg, Canada or Japan. Any such distribution could result in a breach of US, Canadian, Netherlands, Luxembourg or Japanese laws.

The issued and to be issued Ordinary Shares of the Company are not listed on any stock exchange and no application is being made to any stock exchange for a listing or for a grant of permission to deal in any part of the Company's share capital.

MILL RIDE GOLF CLUB

at Ascot in the Royal County of Berkshire

Offer by Smith New Court Corporate Finance Limited on behalf of London Securities Plc

of up to 500 fully paid ordinary shares of £20,000 each in the Company at £25,000 per share payable in full on application (together with £125 for stamp duty)

Share Capital

Authorised:		Issued and to be issued:
£12,000,000	in ordinary shares of £20,000 each	£12,000,000

The Ordinary Shares issued and to be issued rank in full for any dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Save as referred to below, on 31st August 1990 the Company had no loan capital (including term loans) outstanding, or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances, or acceptance credits, obligations under finance leases, hire-purchase commitments, or any guarantees or other material contingent liabilities. Your attention is drawn to the Company's potential liabilities under the agreements referred to under the heading "Material Contracts" in paragraph 7 of Part III and to the financial arrangements described in section 4 of Part I.

The Procedure for Application and an Application Form will be found at the back of this document as Appendices A and B respectively. The subscription lists shall open at 10.00 am on Wednesday 12th September 1990 and may be closed at any time thereafter. The Offer is conditional upon valid applications for not less than 100 Ordinary Shares having been received by 3.00 pm on 31st December 1990.

Note to Prospective Investors

Prospective investors should make their own independent assessment of the merits or otherwise of the acquisition, holding or disposal of Ordinary Shares and should not construe the contents hereof as advice relating to legal, taxation or investment matters. Prospective investors are advised to consult their own professional advisers concerning any such acquisition, holding or disposal of Ordinary Shares. In particular, they should inform themselves as to:

(a) the applicable laws relating to securities and other regulations within the countries of their nationality, residence, ordinary residence or domicile relating to the acquisition, holding or disposal of Ordinary Shares;

(b) any foreign exchange or exchange control restrictions to which they might be subject on the acquisition, holding or disposal of Ordinary Shares; and

(c) any tax or other fiscal consequences of the acquisition, holding or disposal of Ordinary Shares.

Prospective investors are reminded that an investment in unquoted securities carries risks as well as the opportunity of rewards. The Ordinary Shares are not, and are not intended to be, listed or dealt in on a recognised investment exchange. As a result they may be difficult to sell and it may be difficult to assess a proper market price for them at any time. In addition, Ordinary Shares will not be transferable without the consent of the Directors until all 600 shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993).

Definitions

"the Company"	Mill Ride Golf Club Plc
"the Directors" or "the Board"	the Board of Directors of the Company
"Ordinary Share(s)"	ordinary share(s) of £20,000 each in the Company
"London Securities"	London Securities Plc
"MRI"	Mill Ride Investments Limited, a wholly owned subsidiary of London Securities
"Smith New Court"	Smith New Court Corporate Finance Limited, the sponsor to the Offer
"the Offer"	the offer of up to 500 Ordinary Shares by Smith New Court on behalf of London Securities pursuant to this document
"the Closing Date"	the date on which the subscription lists are closed being 31st December 1990 or such earlier date as may be determined by London Securities
"the Club"	Mill Ride Golf Club
"the Club Rules"	the Rules of the Club as adopted by the Committee on 6th September 1990
"the Committee"	the Committee of the Club
"the Opening Date"	the formal opening date of the Club, which is expected to be in April 1992
"the Property"	the land at Mill Ride Estate, North Ascot on which the Course and clubhouse are situated
"the Course"	the eighteen hole golf course being constructed on the Property
"the Lease Agreement"	the conditional agreement dated 6th September 1990 between MRI(1) the Company(2) and London Securities(3) more particularly described in paragraph 7(a) of Part III whereby MRI has agreed to grant the Lease to the Company
"the Lease"	the lease of the Property to be granted by MRI to the Company pursuant to the Lease Agreement for a term of 999 years at a fixed annual rent of £10 more particularly described in paragraph 8 of Part III
"the Subscription Agreement"	the subscription agreement dated 6th September 1990 between the Company(1) London Securities(2) and MRI(3) as described in paragraph 7(b) of Part III
"the Management Agreement"	the conditional management agreement dated 6th September 1990 between the Company(1) MRI(2) and London Securities(3) as described in paragraph 7(c) of Part III
"the Articles"	the Articles of Association of the Company
"US"	the United States of America (including the State and the District of Columbia), its territories and possessions and all other areas subject to its jurisdiction

Directors andAdvisers

Directors
David Brian Pearl
Richard Other Prickett
Christopher Richard Freemantle
Robert Andrew Newman
Antonio Herrera
Kenjiro Ohno
David Louis Franks
Geoffrey Edward Jeremy Clarke
all of Mill Ride Estate, Mill Ride,
North Ascot, Berks SL5 8LT

Secretary & Registered Office
Kenneth William West Lane, FCA,
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

Bankers
Barclays Bank PLC
New Bond Street Business Centre
Renoir House
136 New Bond Street
London W1Y 9FA

Registrars
The Royal Bank of Scotland plc
Owen House
PO Box 435
8 Bankhead Crossway North
Edinburgh EH11 4BR

Developer
Mill Ride Investments Limited
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

Sponsor
Smith New Court
Corporate Finance Limited
24 St Swithin's Lane
London EC4N 8AE

Solicitors to the Company and to London Securities Plc
Blyth Dutton
8 & 9 Lincoln's Inn Fields
London WC2A 3DW

Auditors & Reporting Accountants
Cape & Dalgleish
Chartered Accountants
401 St John Street
London EC1V 4LH

Golf Course Architect
Donald Steel
Donald Steel & Co. Ltd
The Forum
Stirling Road
Chichester
West Sussex PO19 2EN

Course Manager
Gordon Irvine
Chavey Orchard
94 Locks Ride
Chavey Down
Ascot
Berks SL5 8QX

Timetable of Construction of the Course and the clubhouse

		Progress as at 1st September 1990
1988		
September	Removal of top soil and landscaping of holes 3, 4, 5 and 8 to 13	Completed
November	Installation of irrigation and drainage of holes 3, 4, 5 and 8 to 13	Completed
1989		
February	Appointment of Course Manager	Completed
March	Seeding of holes 3, 4, 5 and 8 to 13 and commencement of growing-in period for those holes	Completed
April	Appointment of 5 greenkeeping staff	Completed
1990		
April	Removal of top soil and contouring of landscape on holes 1 and 2 and 14 to 18	Completed
May	Commence refurbishment of clubhouse building	In progress
June	Removal of top soil and landscaping of holes 6 and 7	Completed
July	Installation of irrigation and drainage of holes 1, 2, 6, 7 and 14 to 18	Completed
September	Seeding of holes 1, 2, 6, 7 and 14 to 18 and commencement of growing-in period for those holes	—
1991		
January	Completion of course development contract	—
February	Commence fitting out of clubhouse	—
November	Appointment of Club Treasurer, Secretary, Captain and Vice-Captain	—
1992		
January	Recruitment of clubhouse staff, appointment of Professional and remaining greenkeeping staff	—
April	Formal opening of Course and clubhouse	—

These dates may be affected by abnormal weather conditions or construction delays.

PART I: MILL RIDE GOLF CLUB

1. THE CLUB

Location

Mill Ride Golf Club is in the heart of Berkshire's golfing country a few minutes by car from Ascot racecourse and a short drive from London. The M4 is immediately to the North, the M3 to the South and the M25 to the East. A frequent rail service operates between Ascot Railway Station and Waterloo Station in London, and Heathrow Airport is a short distance away.

History of Mill Ride

The estate on which Mill Ride Golf Club has been established comprises approximately 150 acres of 'parkland'. Formerly known as The Windsor Forest Stud, the original Lutyens style courtyard buildings were built by Sir William Waldren in 1931. In 1946, the estate was purchased by the Crown and, thereafter, provided the stabling facilities for Ascot racecourse which is only 2 miles away. Following the construction of on-course stabling in the 1970's, the estate passed into private ownership for some time before being purchased by MRI.

Concept

It was decided by the directors of London Securities to establish a golf club of the highest quality, to comprise a first class private members club and a course to rival the finest in the UK. A brief was provided to the designer and the construction team to build a course combining the natural aesthetic attributes of the landscape with challenging layouts and the highest quality construction specifications. The Course will provide an enjoyable game for the average golfer as well as a challenging test of skill from the more difficult championship tees.

The Architect

The Course has been designed by Donald Steel, one of Europe's leading golf course architects and currently President of the British Association of Golf Course Architects. Over the last six years he has been adviser to The Royal & Ancient Golf Club of St Andrews on the Open and Amateur championship courses, such as Royal St George's and Turnberry. He was appointed by the St Andrews Links committee to redesign the Jubilee course in 1987 and has worked on more than 200 golf course projects across Britain, Europe and Canada.

Donald Steel has said the following about the Course:

"It was very exciting to be provided with a brief and the appropriate budget to build a really exceptional course at Mill Ride. Golf course architects rarely get such a marvellous opportunity to create a course of such challenge and beauty. It has certainly been one of the most stimulating and enjoyable exercises that I have ever faced.

"These holes require as much thinking as playing. Players will have to develop their strategy on the tee and hit the shots to match if they are to play successfully. At the same time, there should always be an alternative way of playing any hole if the bold and spectacular route is not chosen.

"I expect Mill Ride to become a very popular and well known course in the near future and some of its holes to rank among the 'greats of golf' both in a playing sense and in terms of appearance. The lakes have added great beauty to the setting and when the rhododendrons are in full bloom, the course can 'out-augusta' Augusta."

Mr Jim Arthur, the renowned agronomist and golf course adviser, has regularly visited Mill Ride since course construction commenced in 1988 in order to provide independent supervision of the works and to assure London Securities that the design and construction brief was executed to exacting standards. Extracts from his report on the first nine holes follow:

— "... amongst the very best nine holes in the whole of Britain."
— "I doubt if you could get better greens, surrounds and tees however hard you tried. These greens rank in the very top in the country."
— "I would like to congratulate all concerned ... in producing a course which is amongst the very best in the country."
— "At Mill Ride you have a combination of good golfing country as well as attractive surroundings, plus a design which makes the best and the most interesting and challenging use of the natural topography, aided by some, but not excessive, man-made improvements."
— "... that excellence which one finds on only a few of our old unspoilt links and heathland courses."

Construction

Construction of the Course began in August 1988. Nine holes are in the latter stages of their 'growing-in' period and a further nine holes are undergoing seeding. The refurbishment of the clubhouse commenced in May 1990 and is progressing on schedule for completion in February 1991. Following a 'growing-in' period of a further thirteen months it is anticipated that the Club will be formally opened in April 1992.

Facilities

Mill Ride Golf Club will consist of an eighteen hole championship-level golf course together with practice facilities comprising a driving range and a putting green. In addition to the usual bar and restaurant facilities, the clubhouse will include a 'pro' shop, a gymnasium, sauna, steam bath and massage room, and en suite bedrooms and bathrooms.

Prospective investors who wish to view the Course may do so, but by prior appointment only. To arrange an appointment please telephone Rosemary Johnson on 0344-885444.

Investment potential

Golf has been increasing in popularity at such a rate over the last decade that demand has significantly exceeded supply. The Royal & Ancient Golf Club of St Andrews has estimated that a further 700 courses are required just to cater for existing domestic demand. In heavily populated or urban areas, and particularly in the South East, there is a greater than average shortage of club membership availability.

Most of the best golf courses in Britain, particularly in the South East, tend to have closed memberships and/or extremely long waiting-lists. A similar situation exists at most other courses within easy reach of London. The Directors believe that this problem is unlikely to be helped to any great extent in the near future because of the relative lack of appropriate land with available planning permission.

By offering for sale a restricted number of shares in the Company, the Directors believe that shareholders will not only have the opportunity to benefit from the highest standard facilities of an exclusive golf club but will also participate in any potential increase in the value of their investment. Similar membership-investment systems in golf clubs in other countries have resulted in capital growth. Your attention is drawn to the paragraph headed *'Note to Prospective Investors'* above.

London Securities

London Securities is an investment holding company listed on The *London Stock Exchange*. Mill Ride Estate is currently owned by MRI, a wholly-owned subsidiary of London Securities, and Mill Ride Golf Club Plc has been established by London Securities to acquire the Course and associated facilities and operate the Club. Whilst London Securities remains associated with the Company, the directors of London Securities will endeavour to continue to develop the Mill Ride Golf Club to become an exclusive eighteen hole golf club for the benefit of members and their guests. London Securities is the promoter of the Company, and in this regard your attention is drawn to paragraph 10(d) of Part III of this document.

2. MEMBERSHIP

There will be three categories of membership: full membership for a shareholder wishing to nominate a specified individual; corporate five-day membership for a shareholder which acquires more than one share and does not wish to restrict the use of the Club's facilities to a specified individual; and temporary membership.

The total number of members including all categories will not exceed 600 at any one time.

Full Members

Each Ordinary Share will entitle its holder to nominate an individual (who may be the shareholder) for full membership of the Club. Any individual who is nominated will become a full member subject to the Committee approving the nomination. If the Committee does not approve a nomination, the shareholder will be permitted to make a further nomination or nominations until an approved nomination has been made. It is expected that most individual shareholders will nominate themselves as full members. Before being accepted as a member, the individual will be required to pay a joining fee equivalent to one year's membership fees and to agree to abide by the Club Rules, including as to the payment of annual fees as referred to below. The joining fee for members admitted prior to the Opening Date will become payable at the same time as the first year's membership fees.

Corporate Five-day Members

Any shareholder who holds more than one Ordinary Share in the Company may appoint a corporate five-day member (which may be the shareholder) instead of a full member in respect of each share held, *provided that* the number of corporate members appointed by any one shareholder must not exceed the number of full members appointed by that shareholder at any time. Any individual or corporation nominated will become a corporate member subject to the Committee approving the nomination. If the Committee does not approve the nomination, the shareholder will be permitted to make a further nomination or nominations until an approved nomination has been made.

A corporate five-day member shall be entitled to enjoy the use of all the facilities of the Club on any week day, but shall have no right to enjoy the use of any of the Club's facilities at weekends or on Bank Holidays. However, the membership rights of a corporate five-day member (unlike those of a full member) shall not be personal to the individual, but may be used by any individual authorised by the corporate member *provided that the individual holds a current official handicap certificate.* Before being accepted as a corporate five-day member, the individual or corporation appointed as such will be required to pay a joining fee equivalent to one year's membership fees and to agree to abide by the Club Rules, including as to the payment of annual fees as referred to below.

Annual Fees for Full Members and Corporate Five-day Members

In respect of their membership of the Club, full members and corporate five-day members will be liable to pay annual fees, the levels of which the Directors will determine from time to time. The annual fees for the first full year of operation of the Club, which is anticipated to commence in April 1992 are expected to be approximately £950 (plus VAT) for each member. The Club is intended to be non profit making, and the anticipated level of membership fees has been calculated on the basis that income, including membership fees, will cover outgoings.

Members will be liable to pay their membership fees annually in advance, and demands will be sent out prior to the commencement of each membership year. The membership year is expected to run from 1st April to 31st March. The Committee reserves the right to suspend membership for the whole of any membership year in respect of which the fees are not paid. In the event that membership is suspended the member will nevertheless remain liable for the annual fees.

Temporary Members

The maximum number of members entitled to belong to the Club at any one time is 600. Once all of the shares in the Company have been taken up by outside subscribers, it is envisaged that a full member or corporate five-day member will have been appointed in respect of each share, in which event no temporary membership will be available. However, a shareholder may fail to appoint a member or alternatively an existing member may be suspended owing to non payment of annual fees.

In order to ensure that the Club receives sufficient revenue from membership fees, the Committee reserves the right to offer temporary membership to persons other than those nominated by shareholders, provided that the total number of all members at any time shall not exceed 600. No temporary memberships shall be granted for a period of more than one year.

Temporary members shall, like full members, be subject to the approval of the Committee. Fees for temporary members, who will enjoy similar rights to full members (but will not be entitled to vote at the Club's Annual Meeting or at any Extraordinary Members Meeting), shall be determined by the Board.

Members' guests

Members will have the following rights and privileges in relation to the Club:

(a) A full member or temporary member may introduce up to 3 playing guests on weekdays and 1 playing guest at weekends and on public holidays on payment of guest fees;

(b) A corporate five-day member may introduce up to 3 playing guests at a time on weekdays only on payment of guest fees;

(c) No member may introduce the same playing guest more than 6 times in the same membership year without the prior consent of the Club Secretary.

The level of guest fees will be determined by the Directors, and are expected initially to be £25 (plus VAT) per round. A member may introduce his spouse and children to the Club on payment of guest fees, subject to the consent of the Club Secretary.

Your attention is drawn to the summary of certain provisions of the Club Rules contained in paragraph 9 of Part III.

3. MANAGEMENT

Directors

The Board of the Company comprises the following individuals:

David B. Pearl – Chairman

David B. Pearl, aged 46, is a Fellow of the Institute of Chartered Accountants. He is Chairman of London Securities and a board member of Medway Ports Authority. He has been directly involved with the Mill Ride project since its inception and is a member of Royal St. George's, Wentworth and Maidenhead Golf Clubs.

C.R. Freemantle

Dickie Freemantle, aged 49, is Property Director of London Securities and Chairman of Flagstone Holdings Plc. He has had overall responsibility for the construction and development of the golf course and clubhouse at Mill Ride and is a member of Wentworth Golf Club.

R.Ö. Prickett

Richard Prickett, aged 39, is a Fellow of the Institute of Chartered Accountants and Managing Director of London Securities. He is the Chairman of Firstland Oil & Gas Plc and a non-executive director of Regent Inns Plc.

R.A.Newman – Director of Golf

Bob Newman, aged 52, has been a member of the PGA for 33 years. He retired from the international circuit in 1975 and was the Head Professional at Maidenhead Golf Club for 27 years, until becoming Director of Golf at MRI in 1989.

D.L.Franks

David Franks, aged 44, is a Fellow of the Institute of Chartered Accountants and Chief Executive of Regent Inns Plc. He is a member of The Berkshire Golf Club and Royal Cinque Ports Golf Club.

A. Herrera

Antonio Herrera, aged 47, is Managing Director of the Balvanera Polo & Country Club in Mexico, where he is currently supervising the construction of an eighteen-hole championship golf course, together with residential properties.

G.E.J. Clarke

Edward Clarke, aged 40, is a Vice President of Citicorp Investment Bank (Switzerland). He is a Fellow of the Institute of Chartered Accountants and an underwriting Member of Lloyds of London. He is a member of Royal St George's Golf Club, The Berkshire Golf Club, Club de Bonmont, Geneva and the Golf and Country Club de Maison Blanche, Echenevex, France.

K. Ohno

Kenjiro Ohno, aged 49, is the proprietor of Sakura and Miyako, japanese restaurants in London. He is a member of Woburn and Wentworth Golf Clubs.

All of the Directors will be non-executive (other than Robert Newman) and each will receive a Director's fee of £5,000 per annum; the Chairman will also receive an additional fee of £5,000 per annum. With effect from the end of the first and each subsequent membership year such fees may be increased in line with inflation, but any further increase requires the approval of shareholders in general meeting.

The Directors will retire by rotation and become eligible for re-election by shareholders as described under the heading "Directors" in paragraph 5 of Part III. Any non-executive Director who has failed to acquire an Ordinary Share prior to the Opening Date at the amount payable under the Offer will be disqualified from acting as a Director. A replacement for any vacancy on the Board may be appointed by the remaining Directors.

Details of the service agreement to be entered into between the Company and Robert Newman are set out in paragraph 6(a) of Part III of this document.

The Committee

The Committee will comprise the Captain, the Vice-Captain, the Treasurer and the Directors of the Company. The Board will appoint the first Captain, Vice-Captain and Treasurer who will hold office until the first Annual Meeting of the Club. Thereafter the Captain, Vice-Captain and Treasurer will be appointed by the members in accordance with the Club Rules, and will hold office for one year, at the end of which they will not be eligible for re-appointment for the following year.

The Committee may elect honorary vice-presidents for such periods as they think fit. Any honorary vice-president may use the Course and clubhouse without payment, but shall not in any other respect have the rights or privileges of a member.

Facilities, Management and Staff

The Company will provide the Club with the Course and the clubhouse together with the ancillary facilities necessary for the operation of the Club. The Company will be responsible for the provision of staff and for all matters including the expenditure of money. However, the management and administration of the Club will be the primary responsibility of the Committee and Club Secretary, who will be appointed by the Board and employed by the Company.

4. ESTABLISHMENT OF THE CLUB AND FINANCING ARRANGEMENTS

Establishment of the Club

It is anticipated that work on the Course will be completed by the end of January 1991, and that the refurbishment of the clubhouse will be completed by the end of February 1991. Following a further 'growing-in' period during which the clubhouse will be fitted out, the Club would then be ready for opening in April 1992.

The Property is currently owned by MRI. Under the terms of the Lease Agreement, MRI has agreed to grant to the Company a lease of the Property for a term of 999 years at a fixed annual rent of £10, for a premium of £10.8 million (plus VAT) which will initially be satisfied in part by the issue of an interest- free loan note. Completion of the Lease Agreement will take place on the fourth business day following the Closing Date. Under the terms of the Management Agreement, MRI has agreed to manage the Club until the Opening Date for a total consideration of up to £780,000 (plus VAT). The obligations of MRI under these agreements are guaranteed by London Securities.

It is emphasised that the Lease Agreement is conditional upon a minimum of 100 valid applications for Ordinary Shares being received by not later than 3.00 pm on 31st December 1990. In the event of such condition not having been satisfied, all amounts received from prospective investors will be returned to them forthwith (together with accrued interest thereon), and no Ordinary Shares will be sold pursuant to this document.

In order to provide the Company with sufficient funds to enable it to pay the premium on the Lease, to pay the consideration due under the Management Agreement and to meet its working capital requirements up to the Opening Date, London Securities has agreed to subscribe in cash at par for 600 Ordinary Shares pursuant to the Subscription Agreement, not less than 100 of which shall be fully paid up upon subscription.

Your further attention is drawn to the descriptions of the Lease Agreement, the Subscription Agreement, the Management Agreement and the Lease contained in paragraphs 7 and 8 of Part III of this document.

Working Capital

With effect from the Opening Date it is intended that the Company's working capital requirements will be met from annual fees received from members, along with joining fees, guest fees, and bar and restaurant profits. In the opinion of the Directors, taking into account the proceeds of London Securities' subscription for Ordinary Shares, the Company has sufficient working capital to meet its requirements up to the Opening Date.

Dividends

It is not intended that the Company will make any significant income profits. Accordingly it is not envisaged at this time that the Company will pay dividends.

5. THE OFFER

Terms of the Offer

The Club has been established in such a way that the maximum number of members will be 600 and therefore the authorised share capital of the Company comprises only 600 Ordinary Shares. Up to 500 Ordinary Shares are now being offered pursuant to this document at £25,000 per Ordinary Share (plus stamp duty amounting to £125 per Ordinary Share).

The payment arrangements are described in detail in Appendix A, 'Application Procedure'. Under those arrangements, an amount equal to the application monies (including the amounts payable in respect of stamp duty) received from the applicants will be paid into a separate account with Barclays Bank PLC in the name of The Royal Bank of Scotland plc pending the sale of Ordinary Shares to such applicants being effected.

The Offer will close at 3.00 pm on 31st December 1990, or on such earlier date as London Securities shall determine. If valid applications have not been received for a minimum of 100 Ordinary Shares by the Closing Date, London Securities shall cancel the Offer, in which event all application monies together with interest accrued thereon shall be returned forthwith at the risk of the applicant. If valid applications have been received for not less than 100 Ordinary Shares by the Closing Date, London Securities shall sell Ordinary Shares pursuant to such applications whether or not the Offer has been fully subscribed. In the event that the Offer is oversubscribed, applications will be scaled down or refused in London Securities' sole discretion, in which event application monies pertaining to unsuccessful applications together with interest accrued thereon shall be returned forthwith at the risk of the applicant.

Any Ordinary Shares remaining unsold pursuant to the Offer will be offered for sale in due course and, if appropriate, London Securities and the Company will co-operate in issuing one or more future prospectuses. It is anticipated that any Ordinary Shares offered subsequent to this document will be offered at a price not lower than the price payable under the Offer. London Securities intends to reserve a number of the Ordinary Shares retained by it for sale to the non-executive Directors (as referred to above) and the purchasers of a number of properties on or adjacent to Mill Ride Estate. For so long as it retains any Ordinary Shares, London Securities reserves the right to "lease out" on a commercial footing the membership rights attaching to those shares.

Transfer of Ordinary Shares

Ordinary Shares will not be transferable without the consent of the Directors until all 600 shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993). Once the restriction on transfers has ceased to apply, Ordinary Shares will be freely transferable.

Voting rights

To ensure that the Company and therefore the Club are not dominated by one individual or corporation and to encourage diverse membership the Board reserves the right to disenfranchise for the purpose of voting at all general meetings of the Company any person or group of connected persons (as defined in the Articles) who hold, or for whose benefit there are held, more than ten Ordinary Shares. It is not intended that this right be exercised in respect of any Ordinary Shares retained by London Securities immediately following the Offer.

PART II: ACCOUNTANTS' REPORT

Set out below is the text of a report on the Company by Cape & Dalgleish, Chartered Accountants:

Cape & Dalgleish
401 St John Street
London EC1V 4LH
6th September 1990

The Directors
Mill Ride Golf Club Plc
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

The Directors
Smith New Court Corporate
Finance Limited
24 St Swithin's Lane
London EC4N 8AE

Dear Sirs,

Mill Ride Golf Club Plc ("the Company") was incorporated on 25th June 1990.

The Company has not yet commenced to trade. No audited financial statements have been prepared in respect of any period since incorporation. No dividends have been declared or paid.

Yours faithfully

Cape & Dalgleish
CHARTERED ACCOUNTANTS

PART III: STATUTORY AND GENERAL *INFORMATION*

1. The Company

(a) The Company, whose registered office is at Mill Ride Estate, Mill Ride, North Ascot, Berkshire, SL5 8LT was incorporated in England under the Companies Act 1985 as a public company limited by shares on 25th June 1990 under No. 2515069. A certificate entitling the Company to do business and to borrow was issued by the Registrar of Companies on 4th September 1990.

(b) The principal objects for which the Company is established, as set out in Clause 4 of its Memorandum of Association, are to establish and carry on Mill Ride Golf Club for the use and accommodation of its members and others at Mill Ride Estate, North Ascot.

(c) On incorporation the authorised share capital of the Company was £50,000, divided into 50,000 ordinary shares of £1 each, of which two such ordinary shares were issued fully paid at par to the subscribers.

(d) On 29th August 1990 ordinary resolutions of the Company were duly passed increasing its authorised share capital to £12,000,000 by the creation of an additional 11,950,000 ordinary shares of £1 each and authorising the Directors to allot shares up to the full amount of the enlarged authorised share capital. Immediately thereafter, pursuant to applications received, the Directors allotted 39,999 ordinary shares of £1 each to London Securities for cash at par (a quarter paid up) and 19,999 ordinary shares of £1 each to MRI for cash at par (a quarter paid up).

(e) On 6th September 1990 an ordinary resolution of the Company was duly passed consolidating every 20,000 ordinary shares of £1 issued and unissued into one Ordinary Share of £20,000 and a special resolution of the Company was duly passed adopting new Articles of Association certain provisions of which are summarised in paragraph 5 below.

(f) Pursuant to the Subscription Agreement London Securities has conditionally agreed to subscribe for and the Company has conditionally agreed to allot a further 597 Ordinary Shares on the terms described in paragraph 7(b) below.

(g) Save as aforesaid, there have been no alterations in the share capital of the Company since its incorporation.

(h) No capital of the Company is under option or is agreed conditionally or unconditionally to be put under option and the Company does not have outstanding any convertible debt securities.

2. Issue Arrangements

London Securities shall not sell any Ordinary Shares pursuant to the Offer unless valid applications are received for at least 100 Ordinary Shares before 3.00 pm on the Closing Date. If such applications have not been received by the Closing Date then application monies will be returned forthwith (together with interest accrued thereon) by first class post at the risk of the applicant.

The amount payable on application is £25,000 per Ordinary Share (representing a premium of £5,000 per Ordinary Share) plus £125 in respect of stamp duty.

In the event that applications are received by the Closing Date for more than 100 Ordinary Shares, thereupon London Securities will sell up to 500 Ordinary Shares on the terms set out in this document. In the event that valid applications have been received for more than 500 Ordinary Shares London Securities reserves the right to refuse and/or scale down applications in its sole discretion, in which event application monies in respect of applications which are not accepted shall be returned forthwith (together with interest accrued thereon) by first class post at the risk of the applicant. Following the Closing Date London Securities reserves the right to sell the Ordinary Shares retained by it on such terms and to such persons as it may think fit.

The minimum amount, which, in the opinion of the Directors, is required to be raised by the sale of Ordinary Shares pursuant to the Offer for the matters specified in paragraph 2(a) of Part I of Schedule 3 to the Companies Act 1985 is nil. The amount to be provided otherwise than by the sale of Ordinary Shares pursuant to the Offer for such matters is £12 million made up as follows: (i) purchase price of property, £10.8 million; (ii) expenses and commissions, £1,000; (iii) repayment of monies borrowed for the foregoing, nil; and (iv) working capital, £1,199,000. All such amounts are exclusive of any VAT payable thereon.

The amounts specified above shall initially be provided partly out of the proceeds of the allotment of shares to London Securities pursuant to the Subscription Agreement as referred to in paragraph 7(b) below and partly by way of an unsecured non-interest bearing loan note to be entered into by the Company in a sum not exceeding £7,920,000, as referred to in paragraph 7(a) below. Such loan note shall ultimately be discharged in the manner described in paragraph 7(a) below. No amounts are to be provided otherwise than out of such proceeds for any of the matters referred to in paragraph 2 of Part I of Schedule 3 to the Companies Act 1985.

No part of the proceeds of the Offer will be received by the Company.

For the purpose of Section 82 Companies Act 1985, the time of the opening of the subscription lists is 10.00 am on Wednesday, 12th September 1990.

3. Shareholdings/Disclosure of Interests

Immediately following the Offer the Company will remain a subsidiary of London Securities unless valid applications have been received for not less than 300 Ordinary Shares.

The Directors are not aware of any shareholdings (other than that of London Securities) which will represent 3 per cent or more of the issued share capital of the Company immediately following the Offer.

4. Taxation

The Company

The Directors consider that immediately following the Offer the Company will not be a close company as defined in the Income and Corporation Taxes Act 1988.

The Inland Revenue has not agreed the market value of the Property at the date of its acquisition by the Company for the purpose of determining the corporation tax position on the Company ceasing to be a subsidiary of London Securities, or on any future disposal of the Property by the Company. For corporation tax purposes the Property will be deemed to have been acquired by the Company from MRI at market value. Although no liability is expected to arise, London Securities has indemnified the Company against any liability to tax in connection with the acquisition of the Property by the Company and/or the Company ceasing to be a subsidiary of London Securities.

On 31st August 1990 the Company submitted to H.M. Customs & Excise a letter of application for registration for VAT purposes as an intending trader with effect from 31st August 1990. MRI intends to elect prior to completion of the Lease Agreement for the VAT exempt treatment in respect of the Lease to be waived. In that event, VAT will be payable on the full amount of the Lease premium (£10.8m). However, the Company will be able to recover the VAT paid (£1.62m at the current VAT rate of 15%) in due course.

Shareholders

The disposal of a share by an investor resident or ordinarily resident in the UK may give rise to a tax liability on any chargeable gain arising. Such a gain would be calculated by reference to the difference between the acquisition cost of the share and the disposal proceeds, subject to any indexation allowance which may be available.

The disposal of a share by a shareholder who is not resident or ordinarily resident in the UK will be outside the scope of the charge to UK tax on chargeable gains unless the share is used in or for the purposes of a trade carried on in the UK through a branch or agency, or is used or held for the purposes of the branch or agency.

Stamp Duty will be payable on the transfer of an Ordinary Share pursuant to the Offer, normally at the rate of 50p per £100 or part thereof of the consideration, and will in respect of Ordinary Shares taken up under the Offer amount to £125 per Ordinary Share, which will be payable by applicants in addition to the offer price of £25,000.

Club Members

The nomination of an employee as a member by an employer may constitute the provision of a benefit which would be subject to tax as income of the employee. The amount assessable would be the cost to the employer of providing the benefit.

Any prospective shareholder or Club member in doubt as to his tax position should consult his professional advisers.

5. Articles of Association

The Articles contain provisions, inter alia, to the following effect:

Voting Rights of Shareholders

(i) Subject to the provisions as to voting set out in the Articles of Association, at any general meeting every shareholder shall have one vote for every share of which he is the holder.

(ii) Any person or group of connected persons (as defined in the Articles) holding more than ten shares shall, if the Directors in their sole discretion so determine, be prohibited from voting (either personally or by proxy) at any general meeting in respect of all of the shares held by him or them.

Transfer of Shares

(i) All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only.

(ii) The Board may in its absolute discretion and without assigning any reason therefor refuse to register any transfer of shares (not being fully paid shares) at any time or any transfer of shares (whether or not fully paid) prior to the *earlier* of:

 (a) the date on which the 600 Ordinary Shares owned by London Securities immediately following completion of the Subscription Agreement shall have been disposed of by London Securities (or such lesser number as it shall determine); and

 (b) 31st December 1993.

(iii) The Board may refuse to register a transfer of shares (whether fully paid or not) in favour of more than two persons jointly.

(iv) No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares.

Directors

(i) A Director or intending Director is not prevented by his office from contracting with the Company, nor is any contract or arrangement entered into by or on behalf of the Company in which any Director or intending Director is interested liable to be avoided, nor is any Director so contracting or being so interested liable to account to the Company for any profit realised thereby. The nature of his interest must, however, be declared by the Director at a meeting of the Board in accordance with Section 317 of the Companies Act 1985.

(ii) *Save as provided in the Articles a Director may not vote in* respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights or otherwise in or through the Company. A Director is not to be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(iii) Each non-executive Director is required with effect from the Opening Date to hold not less than one Ordinary Share and if at any time he is in breach of this requirement he shall be disqualified from office.

(iv) At the second and each subsequent Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. Subject to the provisions of the Statutes (as defined in the Articles), the Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(v) Unless otherwise determined by the Company each Director may be paid such fees for his services in the office of Director as the Directors may determine, provided that the amount of such remuneration payable to the Chairman shall not exceed £10,000 per annum and each of the other directors £5,000 per annum provided that such limits shall be increased each year to reflect any increase to the 'all items' index figure of the United Kingdom Index of Retail Prices (or any replacement index). The aforesaid limits may be altered by the Company from time to time by Ordinary Resolution. The Directors shall also be entitled to be repaid by the Company all such reasonable travelling, hotel and other expenses as they may incur in attending meetings of the Board or of the Committee. Any Director who holds any executive office or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such additional remuneration as the Directors may determine. The Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to or for the benefit of past or present employees (including Directors) of the Company or any of its subsidiaries or to or for the benefit of any person who was related to or a dependant of any such person.

(vi) The business and affairs of the Club shall be managed by the Board save that the Board shall from time to time be entitled to delegate to the Committee such powers and authority in relation to the management of the affairs of the Club as it deems appropriate.

(vii) Each Director shall for so long as he remains in office and without being entitled to any additional remuneration therefor be required to serve as a member of the Committee and to attend meetings thereof unless prevented from so doing by incapacity or some other good reason.

(viii) Subject to the provisions of and so far as may be permitted by law, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company and (subject as aforesaid) the Company shall be entitled to purchase and to maintain for any such officer or auditor insurance against such liability.

(ix) There is no age limit on Directors.

Borrowing Powers

Subject as below the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

Disposal of the Club

The Company may not dispose of, grant, or create any interest in the Club or in any land or buildings forming a part thereof without the prior sanction of a Special Resolution passed at a meeting of the holders of Ordinary Shares duly convened and held in accordance with the provisions of the Articles.

Share Capital

The authorised share capital of the Company may only be increased with the sanction of a Special Resolution.

The Nomination Right

(i) Each holder of an Ordinary Share (whether or not the same is fully paid) shall in respect of each Ordinary Share held by him and subject to the Club Rules and to the Articles be entitled to nominate and withdraw the nomination of any person to be a member of the Club ("the Nomination Right").

(ii) Acceptance of the nominated person as a member shall be subject to approval by the Committee of the Club and shall be conditional upon the nominated person paying a joining fee to the Company of an amount equal to the annual fee for Club membership at the time the nomination is made. Should the Committee, in its absolute discretion not approve the nomination the holder of the Ordinary Share in respect of which such nomination was made shall be informed and, subject to the Club Rules may make a further nomination or nominations until a nomination is made that is approved.

(iii) The Nomination Right is personal to the holder of the Ordinary Share and shall not be assigned sold or dealt in separately from the Ordinary Share in question save that this restriction shall not apply to any person to whom an Ordinary Share is allotted (as opposed to being purchased).

(iv) Members shall be responsible for the payment of the annual fees to the Company in accordance with the Club Rules. Unless otherwise agreed by the Board, in the event that the annual fees payable to the Company for any membership year by a member are not paid when they are due:

(a) the Nomination Right shall be suspended until the end of the membership year in respect of which such annual fees are payable; and

(b) the nominated member shall remain liable for outstanding annual fees.

6. **Service Agreements**

(a) A service agreement is intended to be entered into between the Company (1) and Robert Andrew Newman (2) to take effect from 1st January 1991 for an initial term of three years and continuing thereafter until terminated by notice of not less than twelve months. The annual salary (including Director's fees) will be £19,500 from 1st January 1991 to the Opening Date and £25,000 thereafter, subject to annual review.

(b) Save as disclosed above there is no service agreement in force between the Company and any Director, nor is any proposed.

7. **Material Contracts**

The following contracts have been entered into by the Company since its incorporation and are or may be material;

(a) a conditional agreement dated 6th September 1990 between the Company (1) MRI (2) and London Securities (as guarantor of MRI's obligations) (3) whereby MRI and the Company have agreed to enter into the Lease (more particularly described in paragraph 8 below) on the fourth business day following the Closing Date. The agreement is conditional upon the Offer becoming unconditional in all respects.

MRI has agreed following the grant of the Lease to procure (at the expense of the Company) that the clubhouse be fitted out in accordance with agreed specifications by not later than 28th February 1992. MRI has undertaken to procure (at its own expense) that the remaining work required to complete the Course be carried out prior to 31st January 1991 and that the refurbishment of the clubhouse be completed by 28th February 1991.

The premium payable by the Company on completion of the Lease Agreement is £10.8 million (plus VAT) which shall be paid in cash as to not less than £4.5 million upon completion. In respect of the balance of the consideration the Company shall on completion execute in favour of MRI a non-interest bearing loan note ("the Loan Note") supported by a guarantee to be given by the Company in favour of Barclays Bank PLC ("the Bank") in respect of London Securities' borrowings, the guarantee to be secured by a first charge over the Company's interest in the Lease. London Securities has undertaken to procure the release of the said guarantee and charge upon the Loan Note being discharged in full. The Loan Note is repayable as to £1.62 million upon that amount being received by the Company in respect of VAT output tax recovered by it from H.M. Customs & Excise, and as to the balance out of monies received by the Company (other than for working capital purposes) pursuant to the Subscription Agreement to the extent that such monies have not been paid to MRI by way of cash consideration on the grant of the Lease. A charge over the Lease Agreement in favour of the bank was entered into on 6th September 1990 pending completion of the Lease;

(b) a subscription agreement dated 6th September 1990 between the Company (1) London Securities (2) and MRI (3) whereby London Securities has conditionally agreed to subscribe for 597 Ordinary Shares at par and the Company has conditionally agreed to allot such shares pursuant to the said subscription. The agreement is conditional upon the Offer becoming unconditional in all respects and shall be completed on the fourth business day following the Closing Date whereupon London Securities shall subscribe for 597 Ordinary Shares of which not less than 100 shall be paid up in full upon subscription and those shares not paid up in full shall be paid up as to £5,000 per share. London Securities has undertaken to the Company to apply the net proceeds (after expenses) of any Ordinary Shares disposed of by London Securities pursuant to the Offer or otherwise in paying up the amounts due on the Ordinary Shares subscribed for, and in consideration therefor the Company has agreed not to call any amounts left outstanding on such shares otherwise than for the purpose of providing the Company with working capital;

(c) a management agreement dated 6th September 1990 between the Company (1) MRI (2) and London Securities (as guarantor of MRI's obligations) (3) whereby MRI has agreed to be responsible for the management of the affairs of the Company and the Club for the period from completion of the Lease Agreement to the Opening Date. Under this agreement MRI will, inter alia, employ all staff (other than those to be employed by the Company) necessary for the maintenance of the Club during the relevant period and be responsible for fitting out the clubhouse. The consideration payable by the Company is up to £780,000 (plus VAT) but MRI has agreed to waive all entitlement to such consideration to the extent that the Company is unable to pay the same prior to the Opening Date out of its own resources. This agreement is conditional upon the Offer becoming unconditional in all respects;

(d) a sponsorship agreement dated 6th September 1990 between the Company (1) London Securities (2) Smith New Court (3) and the Directors (4) whereby Smith New Court have agreed to act as sponsors to the Offer on behalf of London Securities and, in that connection, to use their reasonable endeavours to procure applicants for the Ordinary Shares upon the terms and conditions of this document. The Company and London Securities have given certain warranties and indemnities to Smith New Court in relation, inter alia, to the information contained in this document. In consideration of the services of Smith New Court as sponsors in connection with the Offer, London Securities has agreed to pay Smith New Court a fee of up to £100,000.

8. **The Lease**

A lease over the Property to be made between MRI and the Company for a term of 999 years commencing on the quarter day immediately preceeding the date of the grant of the Lease, (being 24th June, 29th September or 25th December 1990) for a premium of £10·8 million at a fixed annual rent of £10. All sums payable under the Lease (including the premium) will have VAT added. There are provisions in the Lease allowing the Company and anyone it permits, to use the roadways of the Coach Road and the roadway leading from Sandy Lane to gain access to the clubhouse, subject to the Company making a contribution to the maintenance and upkeep thereof. Service easements are also to be granted to the Company insofar as is necessary. MRI has reserved to itself the right to develop all or any part of the land adjacent to the Property which it owns or may acquire, and it and its successors in title will have rights of way over the roads crossing the Course subject to a contribution to the maintenance and repair thereof. MRI will be taking a lease back of part of an agricultural building (surplus to the Club's requirements) for 999 years at a fixed annual rent of £2,000 on a full repairing basis, determinable at the option of MRI.

9. **Club Rules**

In addition to setting out the provisions relating to members and members' guests summarised under the heading 'Membership' in Part I of this document, the Club Rules, which were adopted by the Committee on 6th September 1990 and are among the documents on display as referred to in paragraph 13 below, also contain, inter alia, the following provisions:-

(a) members who fail to pay their annual fees when due may be suspended for the remainder of the relevant membership year;

(b) members who otherwise fail to observe the Club Rules may be suspended, or in exceptional circumstances, their membership may be terminated (in which event the relative shareholder may nominate another member);

(c) an Annual Meeting of the members will be held following the Annual General Meeting of the Company in each year, at which the Captain, Vice-Captain and Treasurer will be elected to the Committee by the members;

(d) the Committee and Club Secretary are empowered to close the Club when necessary;

(e) the Committee is empowered to lay down bye-laws relating to, inter alia, standards of dress and etiquette.

Copies of the Club Rules are among the documents available for inspection as referred to in paragraph 13 below and may be obtained from the Club on request.

10. **Miscellaneous**

(a) The Company is not, nor since its incorporation has it been, engaged in any litigation or arbitration and no pending or threatened litigation or arbitration proceedings or other claim is known to the Directors.

(b) Save as disclosed in this document: (a) no capital of the Company has been issued, or is proposed to be issued, fully or partly paid either for cash or for a consideration other than cash; (b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company; and (c) no Director has or has had any direct or indirect interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired disposed of or leased to or by, the Company.

(c) Save as disclosed herein no Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company taken as a whole.

(d) The amount payable by the Company in consideration for the grant of the Lease is £10.8 million. The holding company of MRI, the lessor of the Lease, is London Securities, the promoter of the Company. MRI acquired the bulk of Mill Ride Estate in 1986 and has since then been purchasing adjoining land which is now comprised within Mill Ride Estate. In April of this year MRI acquired land on the Locks Ride side of the Property being part of Chavey Orchard and the Spinney, which is now incorporated into the Course. Subsequent to the grant of the Lease MRI will retain certain land adjoining the Course. In addition to the profit to be made by MRI on the grant of the Lease to the Company, MRI may realise a profit on the Management Agreement, and London Securities will realise a profit of £5,000 (less expenses) on the sale of each Ordinary Share pursuant to the Offer. Messrs David B. Pearl, R.O. Prickett and C.R. Freemantle, Directors of the Company, are also directors of and shareholders in London Securities.

(e) Save as disclosed herein no Director has been interested in any transaction which is or was unusual in its nature or condition or significant to the business of the Company and which has been effected by the Company at any time since its incorporation and which remains in any respect outstanding or unperformed.

(f) The financial information contained in this document does not constitute individual accounts within the meaning of Section 240 (5) of the Companies Act 1985.

(g) Smith New Court is a member of The Securities Association and The International Stock Exchange.

(h) The Company has received a certificate of title relating to the Property in a form satisfactory to the Directors.

(i) Planning permission for the Course and clubhouse has been received by way of formal consents granted by Bracknell Forest Borough Council on 30th September 1988, 12th April 1990 and 18th June 1990.

(j) The expenses of the Offer, which are estimated to be not more than £500,000 (plus VAT where applicable), will be paid by London Securities.

11. **Consents**

(a) Messrs Cape & Dalgleish, Chartered Accountants, have given and have not withdrawn their written consent to the issue of this document with a copy of their report as set out in Part II of this document and the references to them included in the form and context in which they are included.

(b) Each of Messrs D. Steel and J. Arthur has given and has not withdrawn his written consent to the issue of this document with the extract from his report as included in Part I of this document and the reference to him included in the form and context in which they are included.

12. **Documents delivered to the Registrar of Companies**

The documents attached to the copies of this document delivered to the Registrar of Companies for registration were copies of the material contracts mentioned in paragraph 7 above and the written consents mentioned in paragraph 11 above.

13. **Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of Blyth Dutton, 8 & 9 Lincoln's Inn Fields, London WC2A 3DW during normal business hours for *such period as the Offer remains open:*

(a) the Memorandum and Articles of Association of the Company;

(b) the above-mentioned Accountants' Report;

(c) the proposed service agreement between Mr. R.A. Newman and the Company referred to in paragraph 6(a) above;

(d) the material contracts referred to in paragraph 7 above;

(e) the Club Rules referred to in paragraph 9 above;

(f) the certificate of title referred to in paragraph 10(h) above;

(g) planning consents relating to the Property referred to in paragraph 10(i) above;

(h) the consents referred to in paragraph 11 above.

7th September 1990

Appendix A

Mill Ride Golf Club Plc

APPLICATION PROCEDURE

1. Applications for Ordinary Shares must be made on the terms and conditions stated below by completing and signing the accompanying Application Form, which must be returned to The Royal Bank of Scotland plc, Registrars Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR ("the Registrars"), to be received as soon as possible and in any event not later than the Closing Date. Each application must be accompanied by a separate cheque or banker's draft for the full amount payable on application (including stamp duty) drawn in sterling on a recognised bank made payable to "The Royal Bank of Scotland plc" and crossed "London Securities Plc – Not Negotiable".

2. The Offer will open at 10.00 am on 12th September 1990 and will close at 3.00 pm on 31st December 1990 or on such earlier date as may be determined by London Securities.

3. A definitive certificate for each Ordinary Share sold will be sent at the risk of the person entitled thereto within 14 days after the Offer has closed. In the meantime, receipts for application monies will be issued.

4. All cheques will be presented for payment upon receipt by the Registrars and (where appropriate) the issue of definitive certificates and the return of surplus application monies will be withheld pending clearance of applicants' cheques.

5. Acceptance of applications for the Ordinary Shares will be conditional on a minimum of 100 valid applications being received by not later than the Closing Date. Application monies, including the amounts paid in respect of stamp duty, will be returned forthwith (together with interest accrued thereon) if this condition is not satisfied and at the risk of the applicant.

6. By completing and delivering an Application Form, each applicant:

(i) offers to purchase the number of Ordinary Shares applied for in the Application Form on the terms and subject to the conditions set out in this Prospectus, including these terms and conditions and the notes set out in the Application Form, and subject to the Memorandum and Articles of Association of the Company;

(ii) agrees that the application may not be revoked after acceptance or before 31st December 1990 and that this paragraph shall constitute a collateral contract between each applicant and London Securities which will become binding on despatch by post to or, in the case of delivery by hand, on receipt by the Registrars of the Application Form;

(iii) warrants that the remittance accompanying the Application Form will be honoured on first presentation;

(iv) agrees that, in respect of an Ordinary Share for which his application has been received and is not rejected, acceptance of the application shall be constituted by notification of acceptance thereof by or on behalf of London Securities;

(v) agrees that any definitive certificate(s) for Ordinary Share(s) and any money returnable to an applicant may be retained by the Registrars pending clearance of the remittance;

(vi) authorises the Registrars to send on behalf of London Securities and at the risk of the applicant definitive certificates for the Ordinary Share(s) for which his application is accepted and/or a crossed cheque for any money returnable by post to the address specified in the Application Form and to procure that his name is placed on the register of shareholders in respect of such Ordinary Share(s);

(vii) agrees that time of payment shall be the essence of the contract constituted by acceptance of his application (save that no Ordinary Share shall be sold pursuant to the Offer until the fourth business day following the Closing Date);

(viii) warrants that, if he signs the Application Form on behalf of somebody else or on behalf of a corporation, he has due authority to do so;

(ix) agrees that a breach of any of the warranties set out in paragraphs (iii) or (viii) will constitute a breach of a fundamental term and repudiation of the contract constituted by acceptance of his application and that London Securities will be entitled (but not bound) to treat themselves as discharged from their obligations under the contract;

(x) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law;

(xi) agrees that, having had the opportunity to read the Prospectus, he shall be deemed to have notice of all information and representations in relation to the Company, the Club and London Securities contained therein;

(xii) agrees that, if valid applications for at least 100 Ordinary Shares have not been received by the Closing Date the Offer shall be cancelled.

7. The basis of allocation will be determined by London Securities in its sole discretion. In particular, in the event that valid applications are received for more than 500 Ordinary Shares London Securities will have the right in its sole discretion to refuse and/or scale down applications. Application monies, including the amounts paid in respect of stamp duty, in respect of any application which is not accepted will be returned forthwith (together with interest accrued thereon) upon the closing of the Offer at the risk of the applicant.

8. No person receiving a copy of the Prospectus in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other requirement. It is the responsibility of any person outside the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities, and paying any issue, transfer or other taxes due in such territory.

9. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("the Securities Act"), and have not been registered under the Securities and Exchange Law of Japan and the relevant exemptions are not being obtained from the Securities Commission of any province of Canada. Accordingly, such Ordinary Shares may not be offered, sold, renounced or transferred, directly or indirectly, in the US or Japan or Canada or to, or for the benefit of, any person with an address in the US or Japan or Canada or to any person purchasing such Ordinary Shares for re-offer, sale, renunciation or transfer in the US or Japan or Canada or to, or for the benefit of, any US person or any citizen or resident of Japan or Canada or a corporation or partnership or other entity created or organised in or under the laws of Japan or Canada.

As used herein, "Canada" includes its provinces and territories and "US Person" means a person defined as such in Regulation S of the Securities Act.

10. All documents and cheques sent by post by or on behalf of Smith New Court, London Securities or the Registrars will be sent at the risk of the person entitled thereto.

11. Applications will not be accepted from more than two joint applicants.

12. Photostat copies of Application Forms will not be accepted.

13. Copies of the Prospectus may be obtained from the registered office of the Company and from Smith New Court, London Securities and the Registrars.

Appendix B

Mill Ride Golf Club Plc

APPLICATION FORM

THE APPLICATION LIST FOR THE 500 ORDINARY SHARES NOW OFFERED WILL OPEN AT 10.00AM ON 12TH SEPTEMBER 1990 AND WILL CLOSE AT 3.00PM ON 31ST DECEMBER 1990 OR ON SUCH EARLIER DATE AS LONDON SECURITIES MAY DETERMINE.

This Form, duly completed, together with a cheque or banker's draft (drawn in sterling on a recognised bank made payable to "The Royal Bank of Scotland plc" and crossed "London Securities Plc – Not Negotiable") representing payment in full for the Ordinary Share(s) applied for at the application price (including stamp duty), should be lodged with The Royal Bank of Scotland plc, Registrars Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR as soon as possible and in any event not later than 3.00 pm on the Closing Date. No application can be considered unless these conditions are fulfilled. All cheques will be presented for payment.

Expressions used in this form shall (unless the context otherwise requires) bear the meanings given thereto in the Prospectus dated 7th September 1990.

Prospective investors should make their own independent assessment of the merits or otherwise of the acquisition, holding or disposal of Ordinary Shares and should not construe the contents hereof or of the Prospectus as advice relating to legal, taxation or investment matters. Prospective investors are advised to consult their own professional advisers concerning any such acquisition, holding or disposal of Ordinary Shares. In particular, they should inform themselves as to:

(i) the applicable laws relating to securities and other regulations within the countries of their nationality, residence, ordinary residence or domicile relating to the acquisition, holding or disposal of Ordinary Shares;

(ii) any foreign exchange or exchange control restrictions to which they might be subject on the acquisition, holding or disposal of Ordinary Shares; and

(iii) any tax or other fiscal consequences of the acquisition, holding or disposal of Ordinary Shares.

Prospective investors are reminded that an investment in unquoted securities carries risks as well as the opportunity of rewards. The Ordinary Shares are not intended to be listed or dealt in on a recognised investment exchange. As a result they may be difficult to sell and it may be difficult to assess a proper market price for them at any time. In addition Ordinary Shares will not be transferable without the consent of the Directors until all 600 Ordinary Shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993).

MILL RIDE GOLF CLUB PLC

(Incorporated in England under the Companies Act 1985 No. 2515069)

Offer by Smith New Court Corporate Finance Limited on behalf of London Securities of up to 500 Ordinary Shares at £25,000 per share payable in full on application (together with £125 in respect of stamp duty).

Number of Ordinary Shares applied for	Amount enclosed at £25,125 per Ordinary Share (including £125 for stamp duty)
____________	£ ____________

To: London Securities Plc
Smith New Court Corporate Finance Limited

Gentlemen,

I/We enclose a cheque or banker's draft for the above-mentioned sum, being the amount payable in full on application (including stamp duty) for the number of fully paid Ordinary Share(s) in Mill Ride Golf Club Plc ("the Company") specified above.

I/We offer to purchase the above Ordinary Share(s) on the terms of the Prospectus issued by the Company and dated 7th September 1990 and subject to the Memorandum and Articles of Association of the Company. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Shareholders of the Company as holder of the above Ordinary Share(s), and to send the certificate(s) therefor, and/or a cheque for any monies returnable, by post at my risk to the address given below, or to the bank, stockbroker or other agent named below.

In consideration of London Securities agreeing to consider applications on the terms and subject to the conditions of the Offer for an aggregate number of up to 500 Ordinary Shares of the Company, I/we agree that this application shall be irrevocable before 31st December 1990 or after acceptance, and that this application shall constitute a contract between London Securities and myself/ourselves which shall become binding on despatch by mail or delivery of this Application Form to the Registrars duly completed.

I/We understand that due completion and delivery of this Application Form accompanied by a cheque or banker's draft will constitute an undertaking that the cheque or banker's draft will be honoured on first presentation.

I/We understand that acceptance of my/our application will not amount to an assurance that I/either of us will be approved as a member of Mill Ride Golf Club.

I/We understand that if a minimum of 100 valid applications have not been received by 3.00 pm on 31st December 1990 then my/our application monies will be returned to me/us (together with interest accrued thereon) by post at my/our risk. I/We understand that if valid applications are received for more than 500 Ordinary Shares, London Securities will have the right to refuse and/or scale down applications in its sole discretion and that if and to the extent that this application is not accepted my/our application monies will be returned to me/us (together with interest accrued thereon) by post at my/our risk.

I/We acknowledge that I am/we are not expecting Smith New Court to have, in respect of this contract, any duties or responsibilities to me/us which are similar or comparable to those imposed by Rules 450, 460 or 730 of the Rules of The Securities Association.

I/We hereby declare that I am/we are not a US Person (as defined in Regulation S of the United States Securities Act of 1933) or a resident of the Netherlands, the Grand-Duchy of Luxembourg, Japan or Canada or a corporation a partnership or other entity created or organised in or under the laws of the Netherlands, the Grand-Duchy of Luxembourg, Japan or Canada and that I am/we are applying for the above Ordinary Share(s) on my/our own behalf and not with a view to making any distribution of securities or investment offer within any part of or to persons giving addresses in the US, its territories or possessions, or the Netherlands, or the Grand-Duchy of Luxembourg or Canada, its provinces or territories or Japan, within the meaning of relevant securities laws.

Note: If this declaration cannot be made this application will not be considered.

Dated ____________, 1990

SIGNED and DELIVERED as a deed in the presence of the witness indicated below	SIGNED and DELIVERED as a deed in the presence of the witness indicated below
____________	____________
Forename(s): ____________	Forename(s): ____________
Surname: ____________ (State Mr, Mrs, Miss or Title)	Surname: ____________ (State Mr, Mrs, Miss or Title)
Address: ____________	Address: ____________
____________	____________
____________	____________
Postcode ____________	Postcode ____________
Witness: Name: ____________	Witness: Name: ____________
Address: ____________	Address: ____________
____________	____________
Occupation: ____________	Occupation: ____________

Name and address of person to whom certificates, and or cheques for surplus application monies should be sent (if different from the above) ____________

____________ FT

A Corporation should complete under its seal, which should be affixed and witnessed in accordance with its Articles of Association or other regulations.

A receipt will be issued for the application monies through the post in due course, at the risk of the applicant.

New Issue — This advertisement appears as a matter of record only — August 14, 1990

The Council of Europe Resettlement Fund

for National Refugees and Over-Population in Europe
Strasbourg/Paris

DM 200,000,000
Floating Rate Notes of 1990/2000 I

Issue Price:	100%
Interest Rate:	9½% p.a., payable annually in arrears on August 14, 1991 and 1992, thereafter 16% p.a. less Six-Months-DM-Libor, payable semi-annually in arrears on February 14 and August 14 of each year. The deduction shall not exceed 16% p.a.
Repayment:	August 14, 2000, at par
Listing:	Düsseldorf and Frankfurt am Main

Trinkaus & Burkhardt
Kommanditgesellschaft auf Aktien

BHF-BANK — Landeskreditbank Baden-Württemberg — J. P. Morgan GmbH

Morgan Stanley GmbH — Norddeutsche Landesbank Girozentrale

Westdeutsche Genossenschafts-Zentralbank eG

Amro Handelsbank Aktiengesellschaft — Bayerische Landesbank Girozentrale — Industriebank von Japan (Deutschland) Aktiengesellschaft

Samuel Montagu & Co. Limited — Schweizerischer Bankverein (Deutschland) AG Investment Banking — Stadtsparkasse Köln

Südwestdeutsche Landesbank Girozentrale — Sumitomo Bank (Deutschland) GmbH

Yamaichi International (Deutschland) GmbH

New Issue — This advertisement appears as a matter of record only — August 21, 1990

Landeskreditbank Baden-Württemberg

Karlsruhe

DM 300,000,000
Floating Rate Notes of 1990/2000

Issue Price:	100.10%
Interest Rate:	9½% p.a., payable annually in arrears on August 21, 1991 and 1992, thereafter 16% p.a. less Six-Months-DM-Libor, payable semi-annually in arrears on February 21 and August 21 of each year. The deduction shall not exceed 16% p.a.
Repayment:	August 21, 2000, at par
Listing:	Düsseldorf, Frankfurt am Main and Stuttgart

Trinkaus & Burkhardt
Kommanditgesellschaft auf Aktien

Amro Handelsbank Aktiengesellschaft — Baden-Württembergische Bank Aktiengesellschaft — DSL Bank Deutsche Siedlungs- und Landesrentenbank

Genossenschaftliche Zentralbank AG Stuttgart — Industriebank von Japan (Deutschland) Aktiengesellschaft

Landesgirokasse öffentliche Bank und Landessparkasse — Samuel Montagu & Co. Limited — J. P. Morgan GmbH

The Nikko Securities Co., (Deutschland) GmbH — Norddeutsche Landesbank Girozentrale — Salomon Brothers AG

SGZ BANK AG — Südwestdeutsche Landesbank Girozentrale — Sumitomo Bank (Deutschland) GmbH

Westdeutsche Genossenschafts-Zentralbank eG — Yamaichi International (Deutschland) GmbH

New Issue — This advertisement appears as a matter of record only — August 21, 1990

LfA

Bayerische Landesanstalt für Aufbaufinanzierung

DM 100,000,000
Floating Rate Notes of 1990/1998

Issue Price:	100%
Interest Rate:	9½% p.a., payable annually in arrears on August 21, 1991 and 1992, thereafter 15⅞% p.a. less Six-Months-DM-Libor, payable semi-annually in arrears on February 21 and August 21 of each year. The deduction shall not exceed 15⅞% p.a.
Repayment:	August 21, 1998, at par
Listing:	München

Trinkaus & Burkhardt
Kommanditgesellschaft auf Aktien

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft — Bayerische Landesbank Girozentrale — Bayerische Vereinsbank Aktiengesellschaft

Amro Handelsbank Aktiengesellschaft — DSL Bank Deutsche Siedlungs- und Landesrentenbank — Industriebank von Japan (Deutschland) Aktiengesellschaft

Landeskreditbank Baden-Württemberg — Merrill Lynch Bank AG — J. P. Morgan GmbH

Samuel Montagu & Co. Limited — Norddeutsche Landesbank Girozentrale — Südwestdeutsche Landesbank Girozentrale

Sumitomo Bank (Deutschland) GmbH — Westdeutsche Genossenschafts-Zentralbank eG

New Issue — This advertisement appears as a matter of record only — September 4, 1990

Baden-Württemberg

DM 300,000,000
Floating Rate Landesobligationen of 1990/1996

Issue Price:	100%
Interest Rate:	9½% p.a., payable annually in arrears on September 4, 1991 and 1992, thereafter 15¾% p.a. less Six-Months-DM-Fibor, payable semi-annually in arrears on March 4 and September 4 of each year. The deduction shall not exceed 15¾% p.a.
Repayment:	September 4, 1996, at par
Listing:	Düsseldorf, Frankfurt am Main and Stuttgart

Trinkaus & Burkhardt
Kommanditgesellschaft auf Aktien

Baden-Württembergische Bank Aktiengesellschaft — Landeskreditbank Baden-Württemberg

Amro Handelsbank Aktiengesellschaft — DSL Bank Deutsche Siedlungs- und Landesrentenbank — Genossenschaftliche Zentralbank AG Stuttgart

Industriebank von Japan (Deutschland) Aktiengesellschaft — Landesgirokasse öffentliche Bank und Landessparkasse — Merrill Lynch Bank AG

Samuel Montagu & Co. Limited — J. P. Morgan GmbH — The Nikko Securities Co., (Deutschland) GmbH

Norddeutsche Landesbank Girozentrale — Salomon Brothers AG — Stadtsparkasse Köln

Südwestdeutsche Landesbank Girozentrale — Sumitomo Bank (Deutschland) GmbH

Westdeutsche Genossenschafts-Zentralbank eG — Yamaichi International (Deutschland) GmbH

LONDON STOCK EXCHANGE

Share prices close at the day's lows

A UK equity market already unsettled yesterday by rising oil prices and increasing tension in the Middle East, suffered an additional jolt when the Bank of England went out of its way to discourage this week's speculation over early British entry into the European Exchange Rate Mechanism. With Wall Street also weak in early trading, London closed at the day's low with a fall of 31 points on the FT-SE scale. Trading volume increased but was boosted by the placing of the 5.45 per cent stake in Asda, the UK food supermarket group held by the Belzberg interests of Canada, and also by completion of the overnight tax loss deals opened at the close of the previous session.

Account Dealing Dates		
*First Dealings:		
Aug 20	Sep 10	Sep 24
Option Declarations:		
Sep 5	Sep 20	Oct 4
Last Dealings:		
Sep 7	Sep 21	Oct 5
Account Day:		
Sep 17	Oct 1	Oct 15

*New-time dealings may take place from 8.30 am two business days earlier.

The Bank's statement that it expects "no early change" in the current 15 per cent UK base rates came in mid-afternoon, and was reflected in a dip in UK Government bond prices soon followed by a sharpening of the early falls in the equity market. The Bank's comments were seen as a rebuff to hints in the London money market this week that full British entry into the ERM would be announced very soon.

Equities opened firmly on the back of the improvement on Wall Street overnight but soon lost ground as Wednesday's combative speech from the Iraq President was followed by rises in world oil prices. The Footsie Index was down by 24 points at mid-session when a large pension fund was believed to be reshuffling its equity investment portfolio.

The final reading showed the FT-SE Index at 2,120.9, for a net loss on the day of 31.3 points. Seaq volume rose sharply to 521.2m shares from the 344.9m of the previous session, but took in the 64m share stake in Asda, double-counted as a London marketmaker placed the shares with a range of investment institutions at a small discount to the market price.

The early morning screens also showed substantial deals of up to 9m shares in Bunzl, Coats Viyella, United Newspapers and a few other stocks as the tax loss sellers of the previous evening bought the shares back.

The corporate reporting cloud continued to hang over the market, although yesterday's list brought some relief. Reckitt & Colman, which has moved erratically this week, moved up smartly after disclosing increased profits.

However, the building sector continued to suffer in the wake of poor results this week from leading companies. P & O, with trading figures due next week, gave ground as traders viewed prospects for Bovis, the group's building division.

Nervousness over the near-term outlook for the market also unsettled consumer stocks, which would suffer the first effects of any recessionary pressure from higher oil prices. Brewing shares and some store issues turned downwards.

FINANCIAL TIMES STOCK INDICES

	Sept 6	Sept 5	Sept 4	Sept 3	Aug 31	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.61	78.67	78.40	78.49	78.33	88.14	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.53	86.42	86.23	86.39	86.39	96.87	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1633.9	1672.2	1670.9	1687.4	1693.6	1999.1	1968.3 (3/1)	1604.2 (23/8)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	193.6	192.3	196.3	198.2	197.3	203.8	378.6 (6/2)	167.9 (15/8)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2120.9	2152.2	2148.0	2166.6	2162.8	2415.9	2463.7 (3/1)	2075.0 (23/8)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.78	5.65	5.67	5.61	5.59	3.96				
Earning Yld %(full)	12.31	12.09	12.05	11.95	11.90	9.47				
P/E Ratio(Net)(☆)	9.86	10.03	10.05	10.15	10.20	12.74				
SEAQ Bargns 4.45pm	17,517	17,014	16,206	16,327	16,992	25,698				
Equity Turnover(£m)†	-	577.28	510.22	433.55	623.86	1001.85				
Equity Bargains†	-	15,325	16,639	15,458	16,426	25,540				
Shares Traded (ml)†	-	323.7	257.7	197.8	304.4	408.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 8.71

Ordinary Share Index, Hourly changes — Day's High 1674.5 — Day's Low 1639.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1674.3	1670.7	1655.2	1650.6	1650.2	1649.4	1649.3	1650.0	1641.0

FT-SE, Hourly changes — Day's High 2158.7 — Day's Low 2120.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2158.7	2150.6	2144.5	2139.5	2131.2	2130.0	2131.1	2130.9	2121.1

GILT EDGED ACTIVITY

Indices*	Sept 5	Sept 4
Gilt Edged Bargains	86.1	76.9
5—Day average	75.7	72.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	223	152	-4	Courtaulds	459	309	-5	Manpower	17	52	-1	Smith (W.H.) A	189	320	-1
ASDA Group	129,000	109	-3½	Dalgety	161	351	-5	Marks & Spencer	1,600	201	-3	Smith & Nephew	1,100	96	-½
Abbey National	1,700	209	-1	Dixons	1,200	125½	+½	Maxwell Comms.	2,300	182	-8	SmKl Beecham	445	533	-3
Allied-Lyons	827	453	-14	ECC Group	589	339	-5	Mecca Leisure	4	70	-1	SmKl Beecham Units	0	3410	-15
Amstrad	814	37	+1	Enterprise Oil	929	680	+2	Midland Bank	810	246	-6	Smiths Inds.	1,200	200	-4
Anglian Water	352	225	-5	FKI	9	55	-2	NatWest Bank	4,400	280	-4	South West Water	867	205	-5
Argos	1,130	223	-3	Ferranti	4,800	19½	-2½	Next	10,000	38		Southern Water	253	184	-7
Argyll Group	623	230	-5	Fisons	1,300	325	-6	North West Water	228	214	-5	Standard Chartd.	4,100	373	-8
Ass. Brit. Foods	365	415	-4	Gen. Accident	1,000	407	-8	Northern Foods	247	326	-1	Storehouse	1,000	127	-2
BAA	1,200	385	-5	General Elect.	2,000	177	-7	Northumbrian Water	37	220	-2	Sun Alliance	3,300	279	
BAT Inds.	1,900	654	-2	Glaxo	1,200	726	+1	Pearson	497	678	-6	Sun Life	46	1085	-8
[illegible]															
Cadburys	550	317	-8	Lloyds Bank	2,200	271	-5	Sears	590	88		Williams Hldgs.	588	211	-6
Calor Group	153	331	-3	LASMO	4,000	490	-12	Sedgwick	3,850	185	-2	Willis Faber	207	227	
Carlton Comms.	763	337	-4	Lonrho	845	241	-2	Severn Trent Water	488	204	-5	Wimpey	403	170	-5
Coats Viyella	11,230	55	-3	Lucas	2,800	128	-6	Shell Transport	2,900	491	+1	Yorkshire Water	331	224	-8
Comm. Union	1,370	458	-7	MB Group	560	175	-5	Siebe	138	365	-4				
Cookson	2,430	112	-17	MEPC	816	499	-5	Slough Ests	211	231	-2				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Asda slips on stake sale

Volume in Asda leapt as the Belzberg brothers, the Canadian arbitrageurs, placed their 5.45 per cent stake – 64m shares – through Smith New Court at 106p. At the time of the announcement, market makers were offering the shares at around 111p.

Analysts said the brothers had bought their holding at an average price of between 160p and 170p. This meant that they had lost £30-£40m plus the cost of holding the shares.

Mr Paul Smiddy at Kleinwort Benson said that the disposal was more a reflection of potential bidders' reluctance to come forward, than of Asda's long-term prospects. Mr Philip Dorgan at Goldman Sachs said the fact that institutions were prepared to buy that stock at 106p was a vote of confidence. BZW changed its recommendation from a sell to a hold.

Asda eased 3¼ from the overnight price to 109p. Seaq screens, which count both the sale and purchase of shares, recorded a turnover of 129m.

P & O, the shipping and property group, experienced the pain of the housebuilding sector and the shares dropped 23 to 512p – the low point of the year. When P & O reports interim figures next Tuesday, the focus will be on the performance of the group's construction division, including Bovis Homes.

Kleinwort Benson expects group profits to fall to £141m from last year's £147.4m, which excludes the £21.9m profit on the sale of the Taylor Woodrow stake. "Sales of homes should be maintained, but margin pressure will be particularly evident in the first half," said analysts at the investment bank.

Service industries and passenger shipping should have had an excellent six months, but container and bulk shipping will have suffered from fierce competition and overcapacity, they added.

The overall view is one of caution ahead of the figures. While the yield offers support to the current price, many forecasts for next year are still over-optimistic, concluded the Kleinwort team.

Cookson a casualty

The flow of poor corporate results continued yesterday, claiming another casualty in industrial materials group Cookson. After announcing half-yearly profits well down on the previous year's level and below the range set by the market, the shares dropped 17 to 112p.

Analysts had expected problems but were unprepared for interim profits of only £71.4m, against £96.3m for the same period last year. Full-year forecasts were hastily revised with BZW cutting to £125m from £140m for 1990 and £105m, previously £130m, for the following year.

The chemical team at the investment bank blamed the sharply deteriorating position of Tioxide since May. This could warrant a capital injection and "we believe the company's ability to maintain the dividend payment is increasingly in question," it said. BZW retained its sell stance on the shares.

Reckitt and Colman was the best performer in the FT SE-100 after posting a first half profit of £113.15m, a near 15 per cent improvement on the previous comparable period. Traders said much of the day's rise of 20 to 1159p was a reaction to recent falls on fears that the figures would be accompanied by a cautious statement. "This proved to be totally unjustified," said Mr James Culverwell of Hoare Govett. "The stock is still undervalued at this price."

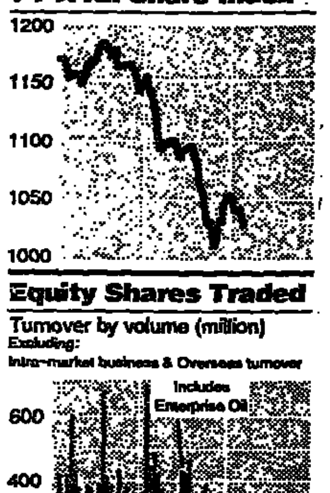
Consideration of Wednesday's figures from Swedish drug company Astra helped Glaxo keep its head above water. Mr Jonathan de Pass at BZW said the gain in market share by Astra's competitor to Glaxo's biggest selling drug had slowed down. Glaxo was 10 better at one point and ended a penny higher on the day at 726p. One trader said there had been US buying ahead of finals on September 20.

James Capel downgraded its forecast for the current year's profits from Bass by £15m to £500m, excluding property. The shares fell 33 to 985p.

Ratners bucked the market trend after saying it had waived a provision in its agreement for the acquisition of Kay Jewellers of the US that it acquire a majority of Kay's senior subordinated notes. The shares rose 3 to 223p.

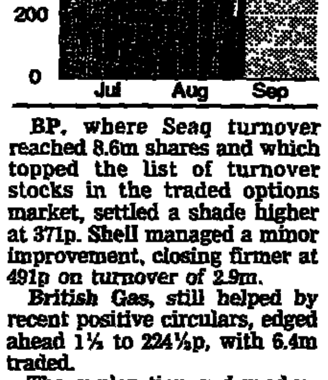
Oil and gas shares continued to outperform the wider market, with the market responding to the latest upsurge in crude oil prices. Brent crude for October delivery moved easily through the $30 a barrel level, eventually settling a net $1.25 higher at $30.80.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



BP, where Seaq turnover reached 8.6m shares and which topped the list of turnover stocks in the traded options market, settled a shade higher at 371p. Shell managed a minor improvement, closing firmer at 491p on turnover of 2.9m.

British Gas, still helped by recent positive circulars, edged ahead 1¼ to 224½p, with 6.4m traded.

The exploration and production stocks enjoyed much improved turnovers. Lasmo, boosted by speculation of imminent drilling news, was upset by news of the £90m convertible Eurobond issue. "The issue may well look attractive, but after conversion the issue dilutes assets value," said one oil sector specialist. He said funds had been selling the equity to buy the bonds. Turnover in Lasmo reached 4m shares, well over double the usual level in the stock.

Enterprise Oil's interim figures – "the bottom line was better than expected," said one analyst – were given a good reception by the market and the shares hardened to 680p.

Burmah Castrol continued to lose ground, the shares falling 10 more to 505p as the market registered its disappointment with the interim dividend.

Ultramar shares, however, were easily the best performers in the sector, advancing 10 more to 376p on much bigger than usual turnover of 4m. Dealers said the stock had been aggressively bought because of optimism generated by upward revaluations of the group's Far Eastern gas interests. Confidence in the shares was additionally boosted by positive noises from Shell on a potential explosion of demand for liquefied natural gas in the Pacific Rim.

The big four clearing banks held up well for much of the session but succumbed to as flurry of pressure late in the day. NatWest, with 4.4m traded, lost 4 to 280p. Standard Chartered, where turnover of 4.1m was largely made up of the second half of a bed and breakfast deal comprising 3.9m shares, fell 8 to 373p.

Bank of Scotland rose 3 to 113p after a brokers recommendation, but the Irish banks lost further ground on worries about the Goodman businesses.

Life assurances, heavily bought by US sources in recent days, turned sharply easier. Prudential, along with Legal & General the main beneficiaries of the recent American buying, lost 13 to 202p on good turnover of 3.5m. Legals lost a similar amount to 366p.

RMC dropped 30 to 547p on turnover of only 462,000 shares, unsettled by comment on results from BCI on Wednesday. A BZW downgrading left Rugby 11 off at 128p, while Costain, reporting interims next Thursday, dropped 12 to 196p.

Confirmation that US investors have been pulling out of Racal Electronics during recent weeks caused a flurry of UK selling pressure in the shares which fell sharply late in the day to close 9 down at 161p. Turnover of 8.6m shares was the highest for some time.

BNY Nominees announced that its holding had been reduced to 227.16m shares, or 17.48 per cent, from the 18.91 per cent it last announced on August 3. The BNY Nominees shares represent ADRs issued by the Bank of New York. Racal Telecom, where Racal Electronic holds 80 per cent of the shares, eased 3 to 279p.

STC dipped 2 to 252p on 1.4m shares. The shares have been strong during recent days amid stories that Northern Telecom, the Canadian electronics/telecoms group may well be gearing up to launch a full bid for STC, where Northern already holds a 27 per cent stake.

Northern, seeking to establish itself as one of the major global telecoms groups, gave a presentation to UK electronics analysts at Claridges yesterday, but carefully avoided commenting on the possibility of taking a tilt at STC. GEC slipped 7 to 1767p ahead of today's annual meeting.

Portals achieved higher interim profits of £11.2m, compared with £10m for last year, and the news pushed the shares against the market trend. They closed 2 up at 248p.

Mr Stephen Weller of UBS Phillips & Drew retained his buy stance on the stock, saying the company's margins were strong in some areas across many countries. He said that there was also bid potential and he expected Portals to make full-year profits of £24m, plus £2.5m from sales of property.

Parrish shares were suspended at 5p before the company announced conditional agreement had been reached to transfer the business of Parrish stockbrokers to Gerrard Vivian Gray.

The food sector saw two of the day's best performances. Acatos & Hutcheson, the edible oils processor, climbed 12 to 123p as further details of the proposal to take the company private were revealed. The likely cash offer, on behalf of a new company to be formed, is 130 pence per share. A 19 per cent improvement in interim profits to £36m from Booker, the food, distribution and agribusiness group, left the shares up 4 at 393p.

Confirmation that Polly Peck's chairman Mr Asil Nadir had earlier in the week bought 4m of his company's shares at between 273p and 296p failed to underpin the stock. The market's general weakness quickly flushed out profit-takers andleft the price down 23 at 281p.

British Steel eased 2¼ to 122¼p. Analysts said the company was about to embark on a series of presentations in London aimed at UK and US-owned securities houses.

Rolls Royce fell with the market ending 3 down at 184p. TI dropped 7 to 430p. The only gain of any significance was in BM Group which rose 8 to 260p. Brent Walker continued its rapid descent, losing another 9 to 167p. The stock has sharply under-performed the market since July and the company issued a statement as the market closed last night saying that it could see no reason for this.

Analysts were very cautious. "Is the price telling us something?" said one. "We are out of the realm of fundamental analysis when the stock is trading on less than two times earnings."

Brent Walker reveals interims on September 27. Smith New Court, the company's broker, is forecasting a profit of £43m, against £30m last time."

Television contractors have been a weak sector for several months and yesterday's 34 per cent fall in interim profits to £10.3m from Thames Television seemed to confirm the market's fears. Thames blamed high interest rates and the crisis in the Gulf for damage to advertising revenues. The shares shed 14 to 187p.

The Independent Television Commission's announcement that it would keep the present system of 16 companies helped USM-quoted TV-am and Border TV firm 4 to 185p and 2 to 33p respectively. The industry had feared that these two might have lost their franchises in any restructuring of the independent sector.

Granada lost 6 to 186p as analysts at Smith New Court cut their profit forecast for the company "in view of the intensified pressure on leisure spending." The company will make £123½m this year, rather than the previous estimate of £130m.

Properties weakened further with the exception of Land Securities which benfited from investors switching out of the group's convertible euro-bonds into the shares. They settled only 2 off at 484p. Other stocks came under pressure including British Land, down 12 at 268p, and Hammerson "A", 8 lower at 582p.

■ Other Market statistics, including the FT-Actuaries share index, Page 29

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (6).
BRITISH FUNDS (1) BREWERS (1) INDUSTRIALS (1) Scott Pickford. TRANSPORT (1) OILS (2).
NEW LOWS (168).
BANKS (3) BUILDINGS (24) CHEMICALS (2) STORES (4) ELECTRICALS (12) ENGINEERING (13) FOODS (2) HOTELS (1) INDUSTRIALS (34) Aukett Assocs., Avon Rubber, Barry Wehmiller, Beckenham, Bridport-Gundry, Brit. Polythene 7½pc Pf., CH Inds., Community Hospitals, Cookson, Davies (D.Y.), Davis (Godfrey), Grovewood, Handley-Walker, Hawthorn Leslie, Hewitt (J.), Hughes (HT), Kembrey, Union Park, Morgan Crucible, Do. 7.5pc Cv. Pf., Norfolk House, Page (M.), RKF, Rank Org., Scapa, Scottish Heritable, Security Services, Stat-Plus, Vinten, Whitecroft, Willaire, Williams, Wyndham, Yale & Valor, INSURANCE (1) LEISURE (11) MOTORS (6) NEWSPAPERS (4) PAPERS (4) PROPERTY (17) SOUTH AFRICANS (1) TEXTILES (3) TRANSPORT (4) TRUSTS (11) WATER (2) OILS (1) OVERSEAS TRADERS (1) MINES (4) THIRD MARKET (3).

APPOINTMENTS

Lloyds Bank regional directors

■ LLOYDS BANK has appointed two regional executive directors. Mr Tony Bird is the new regional executive director for London, having formerly been deputy. He replaces Mr Alan Walmsley who has retired.

Mr David Drake becomes the new regional executive director for the Midlands and North Wales. He was previously chief executive of Lloyds Bank Canada. He succeeds Mr Brian Sayers who will be retiring at the end of September.

■ Mr Keith Dowding has been appointed to the group board of FERGUSON INTERNATIONAL HOLDINGS as group financial director based at the group's Appleby headquarters. He was finance director of Fenner International.

■ Scottish construction and property company GA GROUP has appointed Professor Neil Hood as a non-executive director. He was previously director of employment and special initiatives at the Scottish Development Agency.

■ Mr Anthony Webb has been appointed managing director of TULLETT & TOKYO (DEVELOPMENT), a subsidiary of Tullett & Tokyo Forex International.

■ At WILLIAM G SEARCH Mr Richard Search and Mr Jamie Search have joined the board. They are sons of the managing director and chief executive, Mr Roger Search. Jamie assumes directorial responsibility for group hire operations, whilst Richard will continue to develop the Restroom Rentals division.

■ ALLIED INDUSTRIAL SERVICES, the Bradford-based industrial sector of Initial, has appointed Dr Gary Sheard (pictured) as its chief executive. He joins from 3i Consultants.

■ Mr John Reid has become finance director for GARRARD AND COMPANY.

■ Mr George Y. Stewart has been promoted to senior vice president, operations, at UNITED ARTISTS INTERNATIONAL, with responsibility for the day-to-day operations in the cable television franchises.

■ Mr Ikram Khan has been appointed to the boards of AKG ACOUSTICS and EDGE TECHNOLOGY as financial director. He has been chief accountant at AKG for 12 years.

■ Dr Sergio Funari has been appointed a director of UNIONE ITALIANA (UK) REINSURANCE COMPANY.

■ NORTH SEA ASSETS has appointed Mr Philip E. Lindsell as group finance director. He joins from Coopers & Lybrand where he is a principal associate in the firm's consultancy practice.

■ Mr Bill Lee has joined UNITED INTERNATIONAL PICTURES PAY TV GROUP as director of sales and new business development. He will be based in London.

■ Mr Tim Bacon has been appointed group finance director at SHARPE & FISHER. He was previously company secretary and finance director of Sandfords.

■ BOWTHORPE HOLDINGS has appointed Mr A.J. Richardson as managing director of Hellermann Electric, its Plymouth-based manufacturer of cable protection and identification products. He was previously a senior management consultant with World Class International.

■ NATIONWIDE ANGLIA RELOCATION has appointed Mr Philip Battershall as finance director. He moves from Nationwide Anglia Estate Agents where he held the post of financial accountant and company secretary.

■ PSION DACOM has made Mr Andrew Clegg, formerly engineering director at Psion, its managing director. Joining him on the board are Mr Peter Normanton, sales director, and Mr Steve Bircher, operations director.

■ Mr Tony Marx has become group director, personnel and central services of the CIVIL AVIATION AUTHORITY. He was formerly with BOC, Stewart and Lloyds and from 1984 to 1987 was group personnel director with TI. He succeeds Mr John Lockwood who retires at the end of September.

■ Mr David Gibson has joined REGENCY & WEST OF ENGLAND BUILDING SOCIETY as general manager finance. He remains general manager finance with Portman Building Society when the merger between Regency & West of England and Portman Wessex is effective.

■ Mr Derek Bamber has been appointed company secretary and chief accountant at MAYWICK (HANNINGFIELD).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99¾	96⅝	Treas. 10pcCv 1990	99¾	+⅛	10.07	[illegible]
98⅛	93⅛	Exch 2½pc 1990	98⅛	.....	2.55	[illegible]
99⅝	97⅞	Treas 11¾pc 1991	99⅛	.....	11.86	[illegible]
96⅝	92⅞	Funding 5¾pc '87-91‡‡	96⅝xd	+⅛	5.95	[illegible]
95	89¾	Treas. 3pc 1991	95	.....	3.16	[illegible]
97⅝	94⅝	Treas 10pc Cv '91 ‡‡	97⅝	.....	10.24	[illegible]
97⅝	94⅝	Exch. 11pc 1991	97⅛	.....	11.29	[illegible]
94⅝	90⅞	Treas. 8pc 1991	94½	-⅛	8.47	[illegible]
102⅛	97⅝	Treas 12¾pc 1992‡‡	100⅛	-⅛	12.73	[illegible]
96⅝	92¼	Treas 10pc 1992	96⅝	-⅛	10.37	[illegible]
93⅝	89¾	Treas. 8pc 1992 ‡‡	93⅝xd	.....	8.55	[illegible]
97⅛	93⅝	Treas 10½pc Cv 1992‡‡	96⅞	-⅛	10.84	[illegible]
88¼	82⅝	Treas. 3pc 1992	88¾	.....	3.39	[illegible]
100⅝	95⅝	Exch. 12¼pc '92	99½	-⅛	12.31	[illegible]
104	98⅛	Exch 13½pc 1992	101⅞xd	-⅛	13.25	[illegible]
92⅝	86⅛	Treas 8¾pc 1993	91⅝	-⅛	8.98	[illegible]
96⅛	90¼	Treas 10pc 1993‡‡	95⅝	-⅛	10.50	[illegible]
103⅛	96⅞	Treas 12½pc 1993‡‡	101⅝	-⅛	12.37	[illegible]
86⅝	82	Funding 6pc 1993‡‡	86⅝xd	.....	6.93	[illegible]
107⅝	99¼	Treas 13¾pc 1993‡‡	104¼	-⅛	13.19	[illegible]
91	84⅞	Treas. 8½pc 1994	90⅛	-⅛	9.44	[illegible]
111⅝	102⅛	Treas 14½pc 1994‡‡	107⅛	-⅛	13.52	[illegible]
107⅛	99¼	Exch 13½pc 1994	104⅛	-⅛	12.97	[illegible]
96⅝	88⅝	Treas. 10pc Ln 1994‡‡	94⅝	-⅛	10.60	[illegible]
104½	96⅞	Exch 12½pc 1994	101⅝	-⅛	12.33	[illegible]
92½	85	Treas 9pc 1994‡‡	90⅞	-⅛	9.94	[illegible]
103⅝	94⅝	Treas 12pc 1995	100⅛	-⅛	12.00	[illegible]
81	73	Exch 3pc Gas 90-95	79	.....	3.80	[illegible]
96⅝	88⅛	Exch. 10¼pc 1995	93⅝	-⅛	10.92	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
21⅞	8½	Chase Manhattan $12½	9¼xd	.....	$2.48	–	14.3
19¼	10⅞	Chem. Banking Corpn	11⅝	.....	$2.72	–	12.5
12½	6	Chrysler $6¼	6⅞xd	-⅛	$1.20	–	9.3
18¾	8⅞	Citicorp $1	9⅞xd	.....	$1.78	–	9.5
40⅝	30⅝	Colgate-Palmolive $1	34xd	-⅛	$1.80	–	2.5
[illegible]							

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13½	£9½	ABN Amro Fl5	£10½	.....	Q28%	2.1	8.1	5.8
303	189	ANZ SA1	192	−1	44c	1.4	9.8	7.2
229	172	Abbey National 10p	289	−1	5.7	4.3	3.6	8.5
*274	144	Allied Irish Ord	154	−5	Q40%	3.3	5.8	7.0
		For Algemene see ABN Amro						
85	55	Anglo Irish	58	.....	tQ18.7%	2.7	7.2	8.3
93	68	Ansbacher (H.) 1p	71	−1	2.5	1.3	4.7	20.4
£71½	£41	Bancaire Cie Fr100	£41	−1½	tQ12½%	−	3.2	−
£22½	£15½	Banco Bilbao Viz	£16½	.....	Q49.1%	2.7	4.8	11.4
286	159	Bank Ireland Ir£1	159	−5	Q14.7%	2.9	8.3	5.6
£19½	£18	Bank Leumi	£19½	.....	−	−	−	−
350	320	Bank Leumi (U.K.)	350	.....	†15.0	−	5.7	−
125	104	Bank Scotland	113	+3	4.55	3.3	5.4	7.5
100¼	83¼	Do 9¼pc Irrd Pf	95	.....	9¼%	−	13.0	−
54	39	Bank of Wales	44	.....	2.8	0.8	8.5	(21.1)
428	332	Barclays £1	349	−3	tt19.57	3.5	7.5	4.8
22	12	Benchmark 20p	13	.....	1.63	1.0	16.7	7.5
335	282	Brown Shipley £1	282	−3	12.0	2.2	5.7	9.1
*435	335	Cater Allen £1	343	+1	N24.5	−	9.5	−
179	77	Chancery	79	+2	9.0	2.7	15.2	3.2
£23¼	£16¼	Commerzbk DM10	£17½	.....	Q18%	−	3.5	−
£13½	675	Dai Ichi KBk Y50	788	.....	Q17%	♦	0.4	♦
£313½	£216½	Deutsche Bk DM50	£221	−3¼	Q28%	−	2.1	−
£20¾	£15¼	Espirito Santo	£15¼	−¼	Q75c	5.1	2.6	7.4
253	174	First Nat. Fin. 10p	187	+2	13.0	2.1	9.3	6.4
121	88	FNFC 6.3pc Cr. Pf	90	.....	6.3%	−	9.3	−
£13½	800	Fuji Bank Y50	848	.....	Q17%	♦	0.4	♦
325	262	Gerrard & National	284	+5	19.0	−	8.9	−
154	113	Guinness Mahon 10p	113	−1	2.1	−	2.5	−
328	194	Hambros 20p	217	.....	11.5	−	7.1	−
128	91	Do. 7.5pc Cr Pf	95	−1	7½%	−	10.5	−
53½	34½	HK & Shang. HK$2.50	35½	.....	ttQ38c	−	7.3	−
478	413	Joseph (Leo) £1	413	.....	15.85	−	5.1	−
150	121	King & Shaxson 20p	129	.....	10.25	−	11.1	−
422	320	Kleinwort Benson Gp.	329xd	−3	16.0	2.5	6.5	7.8
642	339	Kyowa Bank Y50	369	−1	Q14%	♦	0.8	♦
316	242	Lloyds £1	271	−5	†13.3	2.6	6.5	6.4
56	44	Lon. Scot. Bank 10p	49	.....	†2.4	1.9	6.5	9.7
404	230	Midland £1	246	−6	†18.0	2.6	9.8	5.1
£14½	£10⅛	Mitsubishi Bank Y50	£10⅞	.....	Q17%	♦	0.3	♦
£12¼	£4¾	Mitsubishi Tst & Bk Y50	£5½	+¼	Q17%	♦	0.6	♦
£10½	£5¼	Mitsui Taiyo Kobe Y50	£5¾	.....	tQ16%	6.0	0.5	34.4
904	447	Mitsui Tst & Bk Y50	456	−11	Q17%	♦	0.7	♦
326	272	Nat. Aust. Bk. A$1	278	−3	sQ50c	1.6	7.7	8.1
368	271	NatWest £1	280	−4	†16.7	3.3	8.0	5.1
£210	£165	Ottoman Bank	£170	.....	Q110%	2.8	6.5	5.5
55	38	Rea Bros. Group	38	.....	0.5	3.2	1.8	18.9
227	143	Royal Bk. Scotland	150	.....	†7.2	3.8	6.4	5.3
795	368	Saitama Bank Y50	387	−6	Q14%	♦	0.7	♦
£12¼	612	Sanwa Bank Y50	645	.....	Q17%	♦	0.5	♦
902½	702	Schroders £1	713	.....	h12.5	5.9	2.3	9.6
712½	503	Do. £1 N/V	515	.....	h12.5	5.9	3.2	6.9
£25¼	£13½	Sec. Pacific $10	£14½	.....	Q$2.52	−	9.4	−
616	352	Standard Chartd. £1	373xd	−8	35.0	1.4	12.5	(7.0)
£16½	£6⅞	Sumitomo Bank Y50	£6⅝	−⅛	ttQ16%	7.5	0.4	29.6
£11	£4⅞	Sumitomo Tst & Bk Y50	£5¼	.....	Q17%	6.9	0.6	24.0
147	120	TSB	130	.....	†5.8	2.5	5.9	8.4
175	126	TSB Bank Chnel Is'l	132	.....	†Q6.7	3.5	5.1	6.6
£11½	£5½	Tokai Bank Y50	£5⅞	.....	Q16%	4.1	0.7	45.1
920	531	Toyo Tst & Bk Y50	565	−11	tQ15.7%	6.9	0.5	27.2
611	530	Union Discount £1	555	−2	33.0	−	7.9	−
525	346	Warburg (S.G.)	364	−7	15.0	3.8	5.5	6.4
180	122	Do 6pc Cnv Prf	127	+2	6%	−	6.3	−
279	193	Westpac SA1	198	−3	Q52.5c	1.5	11.9	5.5
420	348	Wintrust 20p	348	−7	†7.8	4.2	3.0	9.6
969	574	Yasuda Tst & Bk Y50	593	−17	Q17%	♦	0.6	♦

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
175	45	CLF Yeoman 50p	45	−5	Q18.5%	3.2	21.3	2.0
71	53	Cambridge Grp Ir5p	53	.....	Q7½%	15.6	0.6	12.9
55	11	Capital Leasing Ir 10p	11	−2	tQ11½%	3.5	9.5	2.7
68	50	Cattle's (Hdgs) 10p	62	.....	†3.58	1.9	7.9	8.7
426	362	Prov. Financial	370	.....	†20.5	2.1	7.6	8.4
*232	160	Reflex Invs. Ir5p	160	.....	gQ51%	7.9	1.4	11.8
225	199	Secure Trust Grp. 1p	218	.....	6.5	2.4	5.2	10.8
210	135	Woodchester IR20p	145	.....	Q16.7%	5.9	2.1	10.8

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
520	408	Allied-Lyons	468	−14	16.95	2.2	4.8	10.8
£26¾	£18¾	Anheuser-Busch $1	£20⅞	−⅛	Q$1.00	−	2.6	−
1128	895	Bass	985	−33	†28.2	3.5	3.8	9.8
170	131	Boddington	135	−1	5.1	2.3	5.0	11.4
199	161	Bulmer (H.P.) 5p	171	.....	7.65	1.6	6.0	12.8
227	145	Burtonwood Brewery	147	.....	3.98	2.7	3.6	13.7
400	290	Clark (Matthew)	358xd	.....	13.5	2.7	5.0	9.7
286	138	Devenish (J.A.) 5p	138	.....	†4.65	3.1	4.5	8.5
225	103	Do 4.5pc Cv 2nd Pf	105	.....	4½%	−	5.7	−
167	123	Eldridge, Pope "A" 50p	125	−1	4.1	2.3	4.4	11.9
430	335	Fuller, S.T.A. £1	395	−5	5.5	4.1	1.9	17.5
681	529	Grand Metrop. 50p	544	.....	†17.75	2.8	4.4	9.5

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
88	75	Sitemsight 10p	82	.....	5.0	1.8	8.1	9.1
130	63	Silverlines 2½p	63	−5	Q22.2%	4.8	7.9	3.5
258	215	Sinclair (Wm.)	220	.....	†5.25	2.8	3.2	14.7
*374	103	Sketchley	107	+3	Φ6.5	1.1	8.1	Φ4.5
137½	88½	Smith & Neph. 10p	98	−½	4.25	1.8	5.9	11.2
631	460	SmithKline Beecham A	533xd	−3	W11.0	2.7	2.8	17.8
2788	2098	Do. Equity Units	2418xd	−15	−	−	−	17.5
298	195	Smiths Inds. 25p	208	−4	†8.9	2.9	5.9	7.9

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

MINES – Contd

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	41.77	41.77xd	44.67	-0.18	6.13
Gilts & Fixed Int	6	103.1	103.1xd	109.4	-0.3	10.05
High Inc Equity	6	121.9	121.9	130.3	-0.7	4.87
Worldwide Bond	6	184.5	184.5xd	195.5	-0.5	6.60
Capital Growth						
American Growth	6	152.2	152.2	162.7	-0.9	1.18
Asian Pacific	6	109.6	111.4	118.5	-1.6	0.10
Assets & Earnings	6	144.9	144.9	154.9	-0.5	3.03
Capital Reserve Acc	0	95.40	95.40	95.44	-0.01	7.48
Capital Reserve Inc	0	80.18	80.18	80.22	....	7.48
Comdty & Energy	6	86.82	86.82xd	92.85	-0.46	1.10
1992 Enterprise	6	55.58	55.58	59.44	-0.12	3.28
Euro Capital Acc	6	87.30	87.30	93.36	-0.52	1.06
Euro Capital Inc	6	83.82	83.82	89.64	-0.52	1.06
General	6	157.4	157.4xd	168.3	-0.2	2.97
Japan	6	83.62	83.62	89.43	-1.27	0.00
Mastertrust	6	78.19	78.19	83.62	-0.55	2.02
UK Growth Acc	6	152.2	152.2	162.7	-0.8	2.50
UK Growth Dist	6	99.41	99.41	106.3	-0.4	2.50
US Emerging Cos	6	44.38	44.38	47.46	-0.10	0.00
Income & Growth	6	267.6	267.6	286.2	-0.8	3.58
Ethical	6	43.05	43.05	46.04	-0.08	2.17
International	6	52.90	52.90	56.57	-0.27	0.88
Dividend & Growth	6	41.77	42.73	45.45	-0.13	4.95
Global Gwth & Sec	6	45.94	46.10	49.04	-0.07	2.04

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	26.62	26.62	28.32	.....	2.74
European	5¼	75.69	75.69	80.49	.....	0.00
European Income	5¼	74.48	74.48xd	79.04	-0.05	1.57
Exempt	1	670.5	670.5	692.5	-5.40	3.35
Exempt Income	3¼	158.5	158.5	167.6	-2.40	5.05
Exempt American	3¼	321.7	321.7	334.7	-0.40	1.66
Exempt Pacific	3¼	205.5	205.5	214.5	-1.90	0.00
Extra Income	5¼	37.24	37.24xd	39.75	-0.36	6.20
Far East Emerg Ecos	5¼	47.45	47.45	50.82	-0.26	0.00
Fund Inv Tst	5	112.1	112.1	119.6	-0.50	1.44
Fund Inv Tst Acc	5	177.1	177.1	189.0	-0.80	1.51
Gilt & Fixed Int	5¼	15.81	16.04xd	17.13	+0.23	11.63
Intl Income	5¼	54.84	54.84xd	58.54	(u)	4.88
Japan	5¼	138.9	138.9xd	147.5	-0.28	0.00

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng: 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	88.42	89.39	94.89	-1.32	0.44
Income & Growth	5¼	54.64	55.62xd	59.04	-0.09	5.69
European (z)	5¼	54.80	55.35	58.75	-0.14	1.00
Nth American (z)	5¼	30.77	31.02	32.92	-0.11	1.59
Intl Growth	5¼	54.07	55.17	58.56	-0.26	0.86
UK Growth	5¼	47.21	48.73	51.73	-0.14	3.33
Intl Income	5¼	44.98	45.38xd	48.17	-0.37	7.20
High Yield	5¼	43.15	43.77	46.46	-0.08	7.17
Charities	5¼	82.94	84.27xd	89.45	+0.16	6.78
Japan	5¼	33.62	33.62	35.69	-0.67	-

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
SE Asia	6	44.83	44.83	47.95	-0.46	2.38
UK Growth	6	59.99	59.99	64.16	-0.50	3.85
UK High Income	6	33.10	33.10	35.40	-0.27	5.71

Mayflower Management Co Ltd (1200)F
PO Box 249, Beckenham, Kent BR8 4WA 081-663 3111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	299.9	299.9xd	319.1	-4.4	5.77
Global Inc.	5	42.58	42.58xd	45.77	-0.87	5.47
Brit Leaders	5	234.3	234.3xd	249.2	-4.0	4.52
Intl Leaders	5	127.9	127.9xd	136.1	-0.2	3.15

Medical Investments Ltd (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Health Fund	5½	47.86	47.86	52.22	+0.91	32

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilt & F I	5¼	47.10	47.10xd	49.85	-0.14	10.05
(Accum Units)	5¼	95.74	95.74	101.30	-0.30	10.05
Gold ♥	5¼	34.32	34.81	37.43	-0.14	0.00
(Accum Units) ♥	5¼	37.14	37.68	40.51	-0.14	0.00
Income	5¼	43.08	43.08	45.95	-0.49	8.07
(Accum Units)	5¼	113.80	113.80	121.30	-1.38	8.07
Intnl.	5¼	22.93	23.12	24.80	-0.14	0.44
(Accum Units)	5¼	32.40	32.69	35.07	-0.18	0.44
Jap Smaller Cos ♥	5¼	338.90	338.90	361.40	-4.70	0.00
Sing & Malaysian ♥	5¼	103.40	103.40	110.80	-2.70	0.00
(Accum Units) ♥	5¼	107.80	107.80	115.60	-2.60	0.00
Smaller Co's	5¼	28.01	29.10	31.29	-0.12	1.41
(Accum Units)	5¼	31.01	32.22	34.64	-0.15	1.41
Special Sits.	5¼	23.78	24.40	26.23	-0.39	0.99
(Accum Units)	5¼	25.65	26.31	28.29	-0.42	0.99
Tokyo ♥	5¼	65.49	65.49	69.85	-1.21	0.00
(Accum Units)	5¼	66.15	66.15	70.56	-1.21	0.00
UK Equity ♥	5¼	120.50	122.50	130.60	-1.50	4.68
(Accum Units)	5¼	207.90	211.40	225.40	-2.50	4.68
US Smaller Cos ♥	5¼	42.92	45.00	48.12	-0.23	0.00

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI American Acc ♥	5	60.45	60.50	64.36	-0.18	1.68
NPI American Dist ♥	5	56.87	56.92	60.55	-0.17	1.68
NPI European Acc	5	68.91	69.10	73.51	-0.34	0.23
NPI European Dist	5	67.85	68.04	72.38	-0.33	0.23
NPI Far East Acc ♥	5	95.21	95.89	102.01	-1.06	0.48
NPI Far East Dist ♥	5	94.54	95.22xd	101.30	-1.05	0.48
NPI O'seas Acc	5	798.7	801.8	853.0	-2.90	1.39
NPI O'seas Dist	5	625.4	627.8xd	667.9	-2.20	1.39
NPI UK Acc	5	425.3	430.1	457.6	-3.60	4.21
NPI UK Dist	5	240.3	243.0	258.5	-3.20	4.21
NPI W'wide Acc	5	66.83	67.59	71.90	-0.28	0.22
NPI W'wide Dist	5	64.43	65.15	69.31	-0.19	0.22

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows. ♥ - 0001 to 1100 hours, ♣ - 1101 to 1400 hours, ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 0296 312156						
American Eagle	5	63.55	63.55	67.89	-0.84	1.13
Australia	5	6.359	6.359	6.803	[illegible]	[illegible]
Equity	5	141.5	141.5	151.8	[illegible]	3.92
Euro Spec Sits	5	103.9	103.9	111.9	-2.2	5.07
Financial	5	26.64	26.76	28.77	-0.3	3.01
Global Opps Inc	5	59.54	59.54	64.13	-0.69	0.00
Global Opps Acc	5	59.98	59.98	64.62	-0.69	0.00
Gold & Gen Inc	5	42.29	42.29	45.40	-0.80	0.88
Gold & Gen Acc	5	78.82	78.82	84.62	-0.06	0.88
Income	5	87.48	87.48xd	94.20	-1.42	6.58
Japan & General	5	105.7	105.7xd	113.8	-1.2	0.00
Preference Share	5	17.59	17.87	19.23	+0.28	13.80
UK Capital	5	78.00	78.00xd	83.75	-1.25	4.02
World Income	5	55.54	55.54	59.60	-0.88	5.93
Worldwide Capital	5	149.2	149.2	160.5	-2.0	3.41
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	103.77	104.54	111.81	-0.28	3.25
Global Growth Inc	6	99.70	100.44	107.43	-0.27	3.25
Global Balanced Acc	6	99.94	100.41	107.39	-0.12	4.51
Global Balanced Inc	6	95.01	95.47	102.10	-0.11	4.51
Value Tst Acc		74.80	75.73	80.99	-0.56	4.04
Value Tst Inc	6½	72.74	73.84	78.97	-0.55	4.04
Intl Pen & Chties Inc ♥	2	96.30	97.87	102.76	...	3.57
Intl Pen & Chties Acc ♥	2	94.42	95.96	100.75	...	3.57
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	47.31	47.62	50.65	...	-
Overseas	5	41.05	41.31	43.94	...	-
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	45.49	45.49	48.52	-0.33	0.29
(Accum Units)	5	46.82	46.82	49.93	-0.35	0.23
Cash	0	50.01	50.01	50.01	+0.01	14.80
Accum Units	0	50.01	50.01	50.01	+0.01	14.82
European Opps ‡	5	63.69	63.69	67.93	-0.44	0.00
(Accum Units) ‡	5	64.04	64.04	68.30	-0.45	0.00

	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 5	41.0	42.1xd	...	2.42
Euro Expt Sept 5	50.5	53.0xd	...	2.19
Fixed Int Ex Sep 5	42.3	43.5	...	11.62
Japan Expt Sept 5	39.9	41.6	...	0.77
Managed Ex Sept 6	39.8	41.3	...	5.23
SE Asia Expt Sept 5	60.1	63.0	...	3.45
Sm Cos Expt Sept 5	32.2	33.8	...	5.29
UK Eqty Ex Sept 5	36.9	38.7xd		4.95
Phillips & Drew Fund Management Ltd				
Small Co's Sep 5	641.8	685.8	..	5.25
Do Accum	706.9	756.2	..	5.25
Int Expt Sept 6	156.8	158.6	+0.6	3.0
UK Index Sept 5	1015	1035	..	5.1
Do Accum	1059	1080	..	5.1
Convertible Sept 3	84.29	86.68	...	8.3
World ex UK Index Sept 3	678.1	687.3	...	2.32
Do Accum	678.1	687.3	...	2.32
Japan Index Sept 3	541.3	549.1	...	0.6
Do Accum	542.3	550.0	...	0.6
USA Index Sept 3	776.1	781.7	...	3.6
Do Accum	787.0	792.6	...	3.6
Europe ex UK Index Sept 3	852.3	873.2	...	2.7
Do Accum	865.6	886.7	...	2.7
Pacific ex Jap Index Sept 3	831.8	855.5	...	5.2
Do Accum	847.5	871.6	...	5.2
Managed Exempt Sept 6	91.15	92.76	-1.13	5.15
NM Rothschild Asset Management Ltd				
NC Managed	54.0	57.5xd	-0.3	4.18
NC Property	179.5	196.5	...	-
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum.	130.5	131.6	...	2.97
Stewart Ivory & Co Ltd				
Saints PPP Aug 13	245.8	258.1	...	-
Closed to new business				

Thornton Unit Managers Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Austro-Hungary Fund Ltd				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Aug 30		$9.15		-
Baring Int Fund Managers Guernsey Ltd				
Mngd Portfolio (Dlr)	$10.41	11.07		-
Mngd Portfolio (Stlg)	£4.02	4.32		-
Baring Currency Fund Ltd				
US Dollar		$14.39	+0.01	-
Sterling		£17.33	+0.01	-
Deutschemark		DM37.59	+0.02	-
Japanese Yen		Y3 760	+2	-
Managed	$39.70	41.68	+0.47	-
Dantrust Management (Guernsey) Ltd				
Dantrust Limited	0kr113.30	113.80		-
Dumenil Asset Management (Guernsey) Ltd				
Dumenil Enterprise Fund Ltd				
PEFC Selective Gwth Fd	£1.0636	1.1181		-
Fipart-Censell Fund Mngrs (Guernsey) Ltd				
Hauteville G & B Fd	SFr7.95	8.05		2.57
John Govett Mngmnt International Ltd				
Govett Int'l Mngd	£0.845	0.913		-
Govett High Inc Gilt	£0.3356	0.3577c	-0.0009	14.54
Govett Far East Inv	$0.979	1.047	-0.005	-
Energy & Resources	$0.742	0.793	+0.011	-
Hambros Fund Managers (CI) Ltd				
Japanese OTC	¥9.5455	10.1475	-0.1143	-
Havelet Throgmorton Mngmnt Ltd				
Intl Inv-Stlg High Inc	£9.953	10.493d		10.09
Intl Inv-Intl High Inc	$48.859	51.520d		5.54
Henderson Admin. (Guernsey)				
Pound Ex Portfolio	£0.908	-		-
Balanced Gwth $ Prtflo	$1.930	2.077	+0.010	-
Balanced Gwth £ Prtflo	£1.109	1.190	-0.007	-
Select Mkts $ Prtflo	$1.926	2.082	+0.010	-
Inc & Gwth $ Prtflo	$1.727	1.839	+0.009	-
High Income £ Prtflo	£0.588	0.622	+0.001	-

	Bid Price	Offer Price	+ or -	Yield Gross
Sarasin (Isle of Man) Ltd				
Fereus Fd Aug 30		£12.00		-
UK Trend Aug 30		£8.92		-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£8.25	8.92		-
Fleet Street Inv Fd	£7.39	7.89		-
Offshore Income Fd Ltd	£8.87	9.33		-
Nelson Wilson W/R S/S	£9.615	10.16		-
Tattersall Intl Assets	£7.24	7.57		-
Tyndall International (Isle of Man) Ltd				
H L Gth/Bulldog	96.5	-		-
(Accum Shares)	153.7	161.5	-0.3	-
Unibank Scandinavian Fund Ltd				
Scandinavia Fd	178.92	190.49		1.0

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	0.902	0.906	0.970	[illegible]	2.5
Global Income (Inc)	5¼	0.417	0.417	0.445	[illegible]	4.3
Global Resources R	5¼	0.413	0.413	0.441	[illegible]	1.3
Currency Fund						
Stlg Premium Income R		£10.03		10.04	+0.01	13.6
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, Capital Hse, Bath St, St Helier, Jersey						
Tel 0534 74689 (Dealing) 0534 75639 (Helpline)						
Facsimile 0534 79040 Telex 4192136						
Capital House International Growth Funds Ltd						
Equities						
UK Equity	5	1.095	1.103	1.170	[illegible]	-
North American	5	1.468	1.501	1.593	[illegible]	-
Japanese	5	1.542	1.552	1.647	[illegible]	-
Pacific Basin	5	2.395	2.418	2.566	[illegible]	-
Continental European	5	2.472	2.506	2.660	[illegible]	-
Gold	5	1.460	1.491	1.582	+0.02	-

MIM Britannia International Limited

Minerals, Oils Res. Shrs. Fd. Inc.

Morgan Grenfell Funds Ltd

Murray Johnstone (Jersey) Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

JERSEY (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound up despite sell order

STERLING'S PERFORMANCE was rather erratic yesterday. The currency was firm in early trading, boosted by a rise in oil prices on renewed nervousness about the situation in the Gulf. It opened nearly 2 cents higher at $1.9135 and touched a peak of $1.9175, before a large selling order out of the Middle East pushed it down to $1.9050 by mid-morning.

Dealers said the selling appeared to originate from Saudi Arabia, but they added it was a commercial order to buy dollars against sterling, rather than a speculative move against the pound, and on that basis does not suggest a change of sentiment.

The interest rate picture tended to favour sterling. The West German Bundesbank council left credit policy unchanged yesterday, amid fading expectations of any early increase in German interest rates. At the same time the Bank of England sent a strong signal to the London money market that a cut in UK bank base rates will not be welcomed at present.

The signal was similar to one given to the market in May, but this time the message appeared to be stronger. The previous signal that rates were not to be cut was provided by Bank of England overnight lending to the market, but yesterday's action was via lending for seven days. Dealers noted this takes the market beyond the week-end, and could possibly indicate that the pound is not about to become a full member of the European Monetary System.

This week-end has been suggested as a possible time for sterling to join the EMS exchange rate mechanism. But according to one view in the market yesterday's move could be intended to dampen this speculation and prevent a disappointing sell off of the pound on Monday, if the currency remains outside the ERM.

After falling to a low of $1.9015 sterling rallied a little to close 1 cent higher on the day at $1.9085. It also rose to DM2.9725 from DM2.9675; to SFr2.4800 from SFr2.4650; and to FFr9.9575 from FFr9.9425, but was unchanged at Y269.00. On Bank of England figures the pound's index opened 0.5 higher at 95.2, but closed only 0.1 up at 94.8.

The dollar weakened on speculation that the US Federal Reserve might ease its monetary stance. The Fed added liquidity to the New York banking system yesterday, but Federal funds were trading above the assumed target level of 8 per cent at the time, and the action was regarded as routine.

Trading was subdued ahead of today's US employment data, amid speculation that the figures will provide further evidence of a sluggish economic performance.

At the London close the dollar had fallen to DM1.5570 from DM1.5625; to Y141.00 from Y141.65; and to FFr5.2175 from FFr5.2375, but had firmed to SFr1.2990 from SFr1.2980. According to the Bank of England the dollar's index declined to 63.0 from 63.1.

£ IN NEW YORK

Sep.6	Latest	Previous Close
£ Spot	1.9080-1.9090	1.9040-1.9050
1 month	1.07-1.06pm	1.13-1.11pm
3 months	3.13-3.11pm	3.10-3.07pm
12 months	10.3-10.1pm	10.2-10.1pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.6	Previous
8.30 am	95.2	94.9
9.00 am	95.2	94.8
10.00 am	95.2	94.8
11.00 am	94.8	94.8
Noon	94.8	94.8
1.00 pm	94.8	94.8
2.00 pm	94.8	94.7
3.00 pm	94.7	94.7
4.00 pm	94.8	94.7

CURRENCY RATES

Sep 6	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.731716	0.694913
U.S Dollar	7	1.38748	1.32624
Canadian $	12.92	1.59949	1.52770
Austrian Sch	6½	15.2873	14.5077
Belgian Franc	10¼	44.6248	42.3800
Danish Krone	10½	8.33182	7.88583
Deutsche Mark	6.00	1.17446	2.06164
Neth.Guilder	7.00	2.44682	2.32371
French Franc	10¼	7.27317	6.90905
Italian Lira	12½	1620.72	1537.98
Japanese Yen	6	197.577	187.066
Norway Krone	8	8.41090	7.98795
Spanish Peseta	–	136.445	130.038
Swedish Krona	11	N/A	7.59273
Swiss Franc	6.00	1.80511	1.71947
Greek Drach	20½	N/A	204.334
Irish Punt	–	N/A	0.768345

† European Commission Calculations.
* All SDR rates are for Sep.4

CURRENCY MOVEMENTS

Sep.6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.8	-17.9
U.S Dollar	63.0	-15.9
Canadian Dollar	102.9	+1.2
Austrian Schilling	109.8	+11.7
Belgian Franc	111.6	-2.1
Danish Krone	110.6	+4.6
Deutsche Mark	119.1	+24.6
Swiss Franc	116.3	+25.4
Guilder	114.7	+16.0
French Franc	105.5	-11.5
Lira	100.0	-19.5
Yen	126.0	+56.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Sep.4 .

OTHER CURRENCIES

Sep 6	£	$
Argentina	11903.0 - 11985.0	6250.00 - 6290.00
Australia	2.3085 - 2.3105	1.2125 - 1.2135
Brazil	135.60 - 136.85	71.20 - 71.80
Finland	6.9940 - 7.0075	3.6715 - 3.6745
Greece	292.05 - 297.95	152.95 - 155.45
Hong Kong	14.7870 - 14.8010	7.7655 - 7.7680
Iran	126.00*	66.00*
Korea(Sth)	1351.50 - 1373.35	712.20 - 717.80
Kuwait	N/A	N/A
Luxembourg	61.10 - 61.20	32.00 - 32.10
Malaysia	5.1060 - 5.1190	2.6855 - 2.6875
Mexico	5501.00 - 5524.00	2888.00 - 2898.00
N.Zealand	3.0385 - 3.0435	1.5975 - 1.5995
Saudi Ar	7.1595 - 7.2140	3.7500 - 3.7510
Singapore	3.3415 - 3.3535	1.7570 - 1.7590
S.Af (Cm)	4.8630 - 4.8755	2.5615 - 2.5630
S.Af (Fn)	7.3225 - 7.6160	3.8460 - 4.0000
Taiwan	51.95 - 52.05	27.30 - 27.35
U.A.E.	6.9860 - 7.0860	3.6720 - 3.6730

* Selling rate

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9010 - 1.9175	1.9080 - 1.9090	1.07-1.04cpm	6.63	3.15-3.11pm	6.56
Ireland†	1.7195 - 1.7280	1.7230 - 1.7240	0.38-0.33cpm	2.47	1.36-1.26pm	3.04
Canada	1.1495 - 1.1590	1.1570 - 1.1580	0.43-0.46cdis	-4.61	1.30-1.35dis	-4.58
Netherlands	1.7490 - 1.7580	1.7540 - 1.7550	0.05-0.07cdis	-0.41	0.24-0.27dis	-0.58
Belgium	31.85 - 32.10	32.00 - 32.10	par-6.00cdis	-1.12	3.00-13.00dis	-1.00
Denmark	5.93¾ - 5.96½	5.96 - 5.96½	1.18-1.38oredis	-2.58	3.65-4.35dis	-2.68
W Germany	1.5510 - 1.5605	1.5565 - 1.5575	0.03-0.05pfdis	-0.31	0.20-0.23dis	-0.55
Portugal	138.20 - 138.65	138.45 - 138.65	85-100cdis	-8.01	260-290dis	-7.94
Spain	97.70 - 98.60	98.10 - 98.20	52-58cdis	-6.72	161-171dis	-6.77
Italy	1158 - 1163½	1162¼ - 1162¾	1.10-1.60liredis	-1.39	7.20-8.20dis	-2.65
Norway	6.01 - 6.04¼	6.03¾ - 6.04¼	1.00-1.25oredis	-2.24	3.60-4.20dis	-2.58
France	5.20 - 5.22¼	5.21½ - 5.22	0.80-1.00cdis	-2.07	2.90-3.10dis	-2.30
Sweden	5.71½ - 5.74	5.73½ - 5.74	2.06-2.21oredis	-4.47	7.00-7.55dis	-5.07
Japan	140.50 - 142.00	140.95 - 141.05	0.01-0.03ydis	-0.17	0.11-0.14dis	-0.35
Austria	10.92¼ - 10.96½	10.95¼ - 10.96¼	0.30-0.65grodis	-0.52	1.60-2.60dis	-0.77
Switzerland	1.2875 - 1.3040	1.2985 - 1.2995	0.03pm-par	0.14	0.08-0.15dis	-0.35
ECU	1.3285 - 1.3340	1.3305 - 1.3315	0.20-0.19cpm	1.76	0.72-0.70pm	2.13

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9010 - 1.9175	1.9080 - 1.9090	1.07-1.04cpm	6.63	3.15-3.11pm	6.56
Canada	2.1915 - 2.2080	2.2070 - 2.2080	0.42-0.32cpm	2.01	1.19-1.05pm	2.03
Netherlands	3.33¾ - 3.36	3.34¼ - 3.35¼	1⅞-1⅝cpm	6.50	5-4⅞pm	5.90
Belgium	60.80 - 61.35	61.10 - 61.20	35-21cpm	5.49	95-74pm	5.53
Denmark	11.32½ - 11.40¼	11.37½ - 11.38½	4¼-3½orepm	4.09	12-10pm	3.87
Ireland	1.0970 - 1.1125	1.1065 - 1.1075	0.40-0.35ppm	4.07	1.22-1.12pm	4.23
W. Germany	2.96 - 2.98	2.97 - 2.97½	1⅝-1½pfpm	6.31	4½-4⅜pm	5.97
Portugal	262.95 - 264.95	263.90 - 264.90	36-5cpm	0.93	77-21pm	0.74
Spain	186.60 - 188.90	187.30 - 187.60	9-3cpm	0.38	21-11cpm	0.34
Italy	2210 - 2223½	2218¼ - 2219¼	10-9lirepm	5.14	23-21pm	3.97
Norway	11.47¼ - 11.54	11.52¼ - 11.53¼	4⅝-4orepm	4.49	12¼-10⅞pm	4.03
France	9.93 - 9.99	9.95¼ - 9.96¼	4-3⅝cpm	4.59	11-10½pm	4.32
Sweden	10.90½ - 10.97	10.94½ - 10.95½	2¼-1¼orepm	2.19	5-3⅝pm	1.58
Japan	267¾ - 271	268½ - 269½	1½-1⅜ypm	6.41	4¼-4⅛pm	6.23
Austria	20.84 - 20.96	20.88 - 20.91	11¾-11gropm	6.57	33¼-31pm	6.14
Switzerland	2.47 - 2.48¼	2.47½ - 2.48½	1½-1⅜cpm	6.96	4-3⅞cpm	6.25
ECU	1.4330 - 1.4350	1.4335 - 1.4345	0.59-0.56cpm	4.81	1.60-1.55pm	4.39

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.87-5.80cpm . 12 Month 10.27-10.12pm .

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sep 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3800	+0.50	+0.07	±1.5508
Danish Krone	7.79845	7.88583	+1.12	+0.69	±1.6453
German D-Mark	2.04446	2.06164	+0.84	+0.41	±1.1762
French Franc	6.85684	6.90905	+0.76	+0.33	±1.3618
Dutch Guilder	2.30358	2.32371	+0.87	+0.44	±1.5272
Irish Punt	0.763159	0.768345	+0.68	+0.25	±1.6689
Italian Lira	1529.70	1537.98	+0.54	+0.11	±1.5162
Spanish Peseta	132.889	130.038	-2.15	-2.15	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times

EURO-CURRENCY INTEREST RATES

Sep 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞ - 14¾	14⅞ - 14¾	15 - 14⅞	14⅞ - 14¾	14⅞ - 14¾	14⅝ - 14½
US Dollar	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	8 - 7⅞	8⅛ - 7⅞	8⅛ - 8⅛
Can. Dollar	12⅝ - 12⅛	12⅝ - 12⅛	12⅜ - 12⅛	12⅛ - 12⅛	12⅛ - 12	12 - 11⅞
D. Guilder	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8⅛	8⅜ - 8⅛	9 - 8⅞
Sw. Franc	7 - 6½	7 - 6½	7⅞ - 7⅝	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛
Deutschmark	8⅛ - 8⅛	8⅛ - 8⅛	8⅜ - 8⅛	8⅜ - 8⅛	8⅞ - 8⅝	9⅛ - 8⅞
Fr. Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 10	10⅜ - 10⅛	10⅜ - 10⅛	10⅞ - 10⅝
Italian Lira	13 - 11	7½ - 6½	10 - 9½	10⅞ - 10⅜	11½ - 11⅛	12 - 11⅛
Belgian Franc	9⅛ - 9	9⅛ - 9	9⅜ - 9⅛	9⅝ - 9⅛	9½ - 9⅜	9⅞ - 9⅞
Yen	7⅝ - 7½	7⅝ - 7⅝	8⅛ - 8⅛	8⅜ - 8⅛	8⅜ - 8⅛	8⅜ - 8⅛
D.Krone	9⅞ - 9¼	10⅛ - 10	10⅜ - 10⅛	10⅜ - 10⅛	10⅞ - 10⅞	10⅞ - 10⅞
Asian SSing.	8⅛ - 8⅛	8¼ - 8	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 8⅛

Long term Eurodollars: two years 8⅝-8½ per cent; three years 8⅞-8⅝ per cent; four years 9⅛-8⅞ per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep.6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.909	2.973	269.0	9.958	2.480	3.348	2219	2.208	61.15
$	0.524	1	1.557	140.9	5.216	1.299	1.754	1162	1.157	32.03
DM	0.336	0.642	1	90.48	3.349	0.834	1.126	746.4	0.743	20.57
YEN	3.717	7.097	11.05	1000.	37.02	9.219	12.45	8249	8.208	227.3
F Fr.	1.004	1.917	2.986	270.1	10	2.490	3.362	2228	2.217	61.41
S Fr.	0.403	0.770	1.199	108.5	4.015	1	1.350	894.8	0.890	24.66
H Fl.	0.299	0.570	0.888	80.35	2.974	0.741	1	662.8	0.659	18.26
Lira	0.451	0.860	1.340	121.2	4.488	1.118	1.509	1000.	0.995	27.56
C $	0.453	0.865	1.346	121.8	4.510	1.123	1.516	1005	1	27.69
B Fr.	1.635	3.122	4.862	439.9	16.28	4.056	5.475	3629	3.611	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements MAR
80	3-51	4-53	0-41	0-63
81	3-03	4-09	0-57	1-19
82	2-24	3-33	1-14	1-43
83	1-52	2-60	1-42	2-06
84	1-25	2-38	2-15	2-38
85	1-02	1-63	2-56	3-09
86	0-48	1-39	3-38	3-49
87	0-34	1-18	4-24	4-28

Estimated volume total, Calls 1595 Puts 1078
Previous day's open int. Calls 7776 Puts 8153

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements MAR
85	4-37	4-50	0-41	1-10
86	3-53	4-07	0-57	1-31
87	3-06	3-32	1-10	1-56
88	2-28	2-61	1-32	2-21
89	1-55	2-29	1-59	2-53
90	1-24	2-02	2-28	3-26
91	1-00	1-42	3-04	4-02
92	0-45	1-21	3-49	4-45

Estimated volume total, Calls 1 Puts 0
Previous day's open int. Calls 1136 Puts 925

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements MAR
7950	2.25	2.49	0.50	0.90
8000	1.89	2.17	0.64	1.08
8050	1.57	1.88	0.82	1.29
8100	1.25	1.62	1.00	1.53
8150	1.00	1.37	1.25	1.78
8200	0.79	1.16	1.54	2.07
8250	0.61	0.97	1.86	2.38
8300	0.46	0.80	2.21	2.71

Estimated volume total, Calls 1319 Puts 2749
Previous day's open int. Calls 22965 Puts 35759

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9050	0.99	0.79	0	0.06
9075	0.74	0.57	0	0.09
9100	0.49	0.38	0	0.15
9125	0.25	0.22	0.01	0.24
9150	0.05	0.11	0.06	0.38
9175	0.01	0.05	0.27	0.57
9200	0	0.03	0.51	0.80
9225	0	0.01	0.76	1.03

Estimated volume total, Calls 1655 Puts 750
Previous day's open int. Calls 18416 Puts 24117

LIFFE EURODOLLAR OPTIONS
£1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9125	0.78	0.89	0	0.02
9150	0.53	0.66	0	0.04
9175	0.30	0.49	0.02	0.12
9200	0.07	0.33	0.04	0.21
9225	0.03	0.17	0.25	0.30
9250	0.01	0.09	0.48	0.47
9275	0	0.04	0.72	0.67
9300	0	0.02	0.97	0.90

Estimated volume total, Calls 150 Puts 150
Previous day's open int. Calls 6363 Puts 5421

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8425	0.92	1.59	0	0.03
8450	0.67	1.36	0	0.05
8475	0.42	1.14	0	0.08
8500	0.19	0.92	0.02	0.11
8525	0.09	0.72	0.17	0.16
8550	0.05	0.55	0.38	0.24
8575	0.03	0.41	0.61	0.35
8600	0.01	0.31	0.84	0.50

Estimated volume total, Calls 3914 Puts 629
Previous day's open int. Calls 73540 Puts 65700

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	82-22	82-26	82-16	82-19
Dec	83-05	83-15	82-28	83-02
Mar	83-27	84-03	84-03	84-04

Estimated volume 17509 (27858)
Previous day's open int. 26236 (29019)

US TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

THREE MONTH STERLING
£500,000 points of 100%

[illegible]

THREE MONTH EURODOLLAR
$1m points of 100%

[illegible]

THREE MONTH EUROMARK
DM 1m points of 100%

[illegible]

THREE MONTH ECU
ECU 1m points of 100%

[illegible]

FT-SE 100 INDEX
£25 per full index point

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9085	1.8980	1.8773	1.8489	1.8056

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.9036	1.9052	1.9010	1.9018
Dec	1.8736	1.8750	1.8708	1.8716
Mar	-	-	-	1.8442

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Sep	89-06	89-14	89-01	89-08
Dec	88-24	89-00	88-19	88-27
Mar	88-11	88-17	88-07	88-14
Jun	-	-	-	88-02
Sep	-	-	-	87-23
Dec	-	87-12	87-12	87-21
Mar	87-02	87-02	87-02	87-02
Jun	-	-	-	86-25
Sep	-	-	-	86-16
Dec	-	-	-	86-07

U.S. TREASURY BILLS (IMM)
$1m points of 100%

[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

[illegible]

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

[illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

[illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	89.62	89.64	+0.03	89.64	89.62	10.37	2,915
June	89.63	89.63	+0.02	89.63	89.63	10.37	593

Estimated volume 5,957 Total Open Interest 25,224

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int
September	1629.0	1606.0	-28.0	1629.0	1603.0	9,888
October	1627.0	1623.0	-14.5	1631.5	1620.0	443
November	1638.0	1638.0	-11.0	1638.0	1638.0	0
December	-	-	-	-	-	0

Estimated volume 5,551 Total Open Interest 10,382

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.7093	0.7100	0.7072	0.7063
Dec	0.7089	0.7093	0.7067	0.7055
Mar	0.7077	0.7077	0.7060	0.7044

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

[illegible]

STANDARD & POORS 500 INDEX
$500 times index

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Udibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Signal on rates

INTEREST RATES finished little changed in London yesterday, but above early morning levels after the Bank of England sent a clear signal to the money market that a cut in bank base rates is not acceptable at present.

Three-month interbank declined to 14⅝-14½ per cent in early trading, but closed at 14⅞-14¾ per cent, unchanged from Wednesday, while 12-month money was unchanged at 14$\frac{7}{16}$-14$\frac{5}{16}$.

UK clearing bank base lending rate
15 per cent
from October 5, 1989

Short sterling futures held within a fairly narrow range on Liffe and did not approach the high of 85.99 seen on Wednesday, despite the early decline in interest rates and the initial strength of sterling. December short sterling opened higher at 85.89, but the contract moved only one tick higher to a peak of 85.90, before sliding back to close at 85.81 against 85.86 previously.

The Bank of England indicated its concern about lower interest rates by refusing to operate in the bill market. The authorities did not offer to buy bills, but underlined the present interest rate structure by lending money to the discount houses for seven days at the clearing bank base lending rate of 15 per cent.

A shortage of around £650m was initially forecast by the central bank, but this was revised to £750m at noon and to £850m in the afternoon. The amount lent to the houses was £880m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £849m, with a rise in the note circulation absorbing £80m and bank balances below target £45m.

In Frankfurt call money was steady at 8.05 per cent. The Bundesbank council met yesterday in the North German city of Bremen. As generally expected there was no change in credit policy, with the discount rate remaining at 6 per cent and the Lombard emergency financing rate at 8 per cent.

Dealers suggested that recent moves by the Bundesbank have indicated a wish to keep call money in line wit the Lombard rate. The central bank added a net DM7.5bn to the money market at this week's securities repurchase agreement tender, enough to prevent a rise in call money but not enough to prompt a downturn. It did result in a fall in Lombard borrowing however, to DM6.8bn on Wednesday from DM11.7bn on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 6) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 8	bid 7⅞	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8⅛
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	7.44	Three year	8.22
Two month	7.55	Four year	8.39
Three month	7.62	Five year	8.47
Six month	7.71	Seven year	8.72
One year	7.74	10-year	8.83
Two year	8.04	30-year	8.95

Sep.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.00-8.10	8.10-8.25	8.20-8.35	8.30-8.45	8.60-8.75	8.00
Paris	9⅞-10⅛	9⅞-10	10-10⅛	10⅛-10⅛	10⅜-10½	9.50
Zurich	7⅛-7⅞	7⅞-8	-	8⅛-8⅜	-	-
Amsterdam	8.20-8.35	8.26-8.36	-	8.46-8.56	-	-
Tokyo	7⅞-7⅞	8⅛-8⅛	-	8⅛-8⅞	-	-
Milan	10⅛-10⅞	9⅞-10	-	10⅞-11⅛	-	-
Brussels	10.25	9⅛-9⅞	-	9⅛-9⅞	-	-
Dublin	10-10⅛	10⅞-10⅞	11⅛-11⅛	11⅛-11⅛	11½-11⅝	-

LONDON MONEY RATES

Sep 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15¼	15⅛	15	14⅞	14⅞	14⅝
Interbank Bid	14¼	14⅞	14⅞	14¾	14¾	14⅜
Sterling CDs.	–	–	15	14⅞	14⅝	14⅜
Local Authority Deps.	15	14⅞	14⅞	14⅞	14⅞	14¼
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps.	15¼	14⅞	14⅞	14½	–	–
Company Deposits	–	–	14⅞	14⅞	14¾	14⅛
Finance House Deposits	–	–	14⅞	14⅞	14⅞	14½
Treasury Bills (Buy)	–	–	14⅞	14⅛	–	–
Bank Bills (Buy)	–	–	14⅛	14⅝	13⅞	–
Fine Trade Bills (Buy)	–	–	15⅛	15	14⅞	–
Dollar CDs.	–	–	7.98	7.98	7.98	8.12
SDR Linked Dep. Offer	–	–	9⅛	9¼	9⅜	9⅞
SDR Linked Dep. Bid	–	–	8⅞	9⅛	9¼	9⅞
ECU Linked Dep. Offer	–	–	9⅞	10¼	10½	10⅝
ECU Linked Dep. Bid	–	–	9⅛	10⅛	10⅜	10⅜

Treasury Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; six months 13⅞ per cent; Bank Bills (sell): one-month 14⅝ per cent; three months 14⅞ per cent; Treasury Bills: Average tender rate of discount 14.2869 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 31, 1990. Agreed rates for period Sept 26,1990 to Oct 25, 1990, Scheme I: 15.80 p.c., Schemes II & III: 16.27 p.c. Reference rate for period Aug 1,1990 to Aug 31, 1990, Scheme IV&V: 15.021 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from September 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,335 Set by HIGHLANDER

ACROSS
1 Promise act will display verbal wit (8)
5 Colt perhaps put back great deal to drink (6)
9 Reform no inmate put forward (8)
10 Wandering about in commercial break (6)
12 Correct the stoop with a specialist in bone manipulation (9)
13 Blame so-called security (5)
14 Peter's not dangerous (4)
16 Cooked in water from river – was in pain afterwards (7)
19 One so old is cut off (7)
21 Pothole requires hard core (4)
24 Pulls back to stretch of grass (5)
25 Without unit cost being clear (9)
27 Be there at the start and finish (6)
28 Witches given a book contract (8)
29 Hearing went off for several years (6)
30 Hold back holding arts back; hold back! (8)

DOWN
1 Separate triumph and triumphed over (6)
2 Note tiny speck far away (6)
3 Hold on to American horse (5)
4 Motivate one unusually taut inside (7)
6 Annoyed with cutting remark in pub by social worker (9)
7 75% will get drunk outside in the evening (8)
8 Freedom from restriction left frame of mind sound (8)
11 Shaving cold with it (4)
15 Wicked left (9)
17 Emergency medical attention to the ear: skin remained in place (5,3)
18 Sentimental Italian before sex appeal turned cold (8)
20 State of contentment achieved by oriental study (4)
21 Push for vehicle assessment note (7)
22 A chap with a softly rounded hat (6)
23 Reportedly well-used source of sugar available to Cook (6)
26 Permission to leave earlier to have a meal (5)

Solution to Puzzle No.7,334

PILCHARD MARAUD / CONTRACT THRIVE / ENSUE INTERESTS / SADDLE BONDMAN / PRESTON PESETA / TAKINGOUT THINE / IMPUTE CONSERVE / GRASSY RELISHED

WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices September 6

INDICES

NEW YORK

DOW JONES	Sept. 5	Sept. 4	Aug. 31	Aug. 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2628.22	2613.37	2614.36	2593.32	2999.75 (16/7)	2483.42 (23/8)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.47	89.33	89.11	89.25	93.04 (3/1)	88.48 (2/5)	—	—
Transport	897.74	896.08	901.44	901.26	1212.77 (6/6)	861.31 (23/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	198.44	196.05	195.93	193.72	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2643.07 (2618.07) Low 2588.61 (2573.02)

STANDARD AND POOR'S

	Sept. 5	Sept. 4	Aug. 31	Aug. 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	324.39	323.09	322.56	318.71	368.95 (16/7)	307.06 (23/8)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	384.35	382.86	382.05	377.71	437.37 (16/7)	362.23 (23/8)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	24.05	23.98	24.00	23.68	31.87 (3/1)	22.87 (23/8)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	177.93	177.13	176.97	175.23	201.13 (16/7)	168.88 (23/8)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	325.41	322.74	323.39	322.91	382.45 (5/1)	315.85 (23/8)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	382.43	381.67	381.21	378.68	469.60 (16/7)	360.22 (23/8)	485.73 (9/10/89)	54.87 (31/10/72)

	Aug 24	Aug 17	Aug 10	year ago (approx.)
Dow Industrial Div. Yield	4.29	4.10	3.98	3.39

	Aug 29	Aug 22	Aug 15	year ago (approx.)
S & P Industrial div. yield	3.24	3.34	3.11	2.75
S & P Indl. P/E ratio	15.47	14.96	16.07	14.31

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
A T & T	1,835,800	32⅛	+ ⅛
Gen. Electric	1,742,700	60¼	- 1
Pinnacle	1,700,900	12¾	+ ½
IBM	1,452,500	102⅛	- ⅛
Exxon	1,328,400	50⅞	+ ⅜
Philip Morris	1,293,200	45¼	+ ⅛
Pepsico	1,234,600	25¼	+ ½
KLM Air	1,083,900	13⅛	+ ⅛
Toys R Us	1,075,600	24½	- 1
Wal-Mart	1,013,200	28⅜	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Sept. 5	Sept. 4	Aug. 31
New York	120.610	92.940	96.480
Amex	7.915	8.787	6.697
NASDAQ	89.049	78.141	79.851
Issues Traded	1,967	1,950	1,939
Rises	947	657	890
Falls	566	805	572
Unchanged	454	488	477
New Highs	12	4	2
New Lows	70	2	91

CANADA TORONTO

	Sept 5	Sept 4	Aug. 31	Aug. 30	1990 HIGH	1990 LOW
Metals & Minerals	3032.76	3027.20	3046.71	3027.32	3453.05 (4/1)	2850.80 (23/4)
Composite	3333.19	3333.27	3346.25	3329.83	4009.47 (3/1)	3329.83 (30/8)
MONTREAL Portfolio	1743.79	1748.89	1756.54	1743.01	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 6	Sept. 5	Sept. 4	Sept. 3	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1480.5	1479.8	1494.2	1504.3	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	736.4	731.6	737.9	738.7	860.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	506.25	505.61	507.57	518.47	703.29 (19/3)	464.55 (25/8)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5465.97	5484.43	5472.88	5560.91	6599.43 (12/1)	5243.52 (23/8)
DENMARK						
Copenhagen SE (3/1/83)	(u)	357.48	358.50	361.51	388.29 (20/7)	347.69 (23/8)
FINLAND						
Unitas General (1975)	501.1	507.7	512.3	512.8	677.3 (23/1)	501.1 (6/9)
FRANCE						
CAC General (31/12/82)	446.92	446.42	444.73	455.85	564.62 (30/5)	417.98 (22/8)
CAC 40 (31/12/87)	1609.51	1638.32	1620.93	1644.01	2129.32 (20/4)	1546.51 (21/8)
GERMANY						
FAZ Aktien (31/12/58)	666.26	676.60	685.25	691.53	832.32 (19/7)	655.37 (23/8)
Commerzbank (1/12/53)	1909.6	1940.7	1966.7	1984.6	2414.0 (3/4)	1875.4 (23/8)
DAX (30/12/87)	1557.12	1564.27	1590.07	1629.22	1968.55 (30/3)	1520.34 (23/8)
HONG KONG						
Hang Seng Bank (31/7/64)	3032.85	3039.69	3054.16	3066.81	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1271.62	1289.24	1293.25	1312.97	1893.10 (22/1)	1271.62 (6/9)
ITALY						
Banca Com. Ital. (1972)	604.96	606.69	603.96	614.48	763.52 (14/6)	584.37 (24/8)
JAPAN						
Nikkei (16/5/49)	23811.93	24078.34	24907.64	25420.43	38712.88 (4/1)	23737.63 (23/8)
Tokyo SE (Topix) (4/1/68)	1846.03	1860.08	1910.38	1945.92	2867.70 (4/1)	1829.25 (23/8)
2nd Section (4/1/68)	3613.35	3667.56	3761.51	3821.84	4477.16 (16/7)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	547.47	551.80	550.82	550.74	632.22 (1/8)	480.77 (23/8)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	245.6	244.9	242.6	243.7	271.9 (20/7)	236.7 (23/8)
CBS All Shr (End 1983)	182.0	181.5	179.8	180.9	206.3 (3/1)	176.1 (24/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	869.26	868.14	865.64	864.63	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	717.71	726.33	732.42	748.16	1160.70 (21/5)	683.58 (23/8)
SINGAPORE						
SES All-Singapore (2/4/75)	350.57	351.40	350.17	353.35	446.87 (16/7)	321.66 (23/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	1637.04	1607.0	1649.0	1685.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2877.04	2888.0	2904.0	2894.0	3211.0 (6/2)	2738.0 (24/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	616.29	625.00	632.34	635.37	928.82 (4/1)	587.38 (25/8)
SPAIN						
Madrid SE (30/12/85)	242.32	246.80	250.21	254.72	309.74 (16/7)	234.79 (23/8)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1126.0	1133.3	1137.8	1153.9	1329.9 (5/7)	1086.4 (23/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	683.2	686.6	697.1	845.5 (13/7)	656.4 (23/8)
TAIWAN**						
Weighted Price (30/6/66)	3308.85	3364.49	3600.75	3574.89	12495.34 (10/2)	3135.56 (24/8)
THAILAND						
Bangkok SET (30/4/75)	844.52	851.65	873.34	901.54	1143.78 (25/7)	695.81 (24/8)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	465.7	466.2	469.9	571.0 (4/1)	448.3 (24/8)

**Saturday September 1: Taiwan Weighted Price: 3768.11. Korea Comp Ex. 609.01

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 6 September 1990

	Stocks Traded	Closing Prices	Change on day
Mitsui Mn&Sm	19.1m	800	+82
Iwatani	16.0m	1,130	+60
Kurabo	15.6m	1,850	+130
Nippon Lt Mtl	13.9m	1,310	+80
Ube Industries	8.7m	769	+10
Sumitomo MtMn	7.7m	1,570	+200
Mitsui Cn	6.9m	1,150	+80
Teikoku Oil	6.4m	1,500	+80
Nippon Steel	6.2m	469	-1
Honshu Paper	5.6m	4,550	+500

3pm prices September 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	15¼	AAR	.48	3.1	10	226	15½	d15	15⅛	– ⅛
9⅜	7⅞	ACM n	1.01	12.		163	8⅛	8	8⅛	+ ⅛
11⅛	9⅛	ACMIn	1.26	13.		534	9⅞	9¾	9⅞	+ ⅛
9¼	7	ACM M	n1.07	13		385	7½	7⅜	7½	+ ⅛
12⅛	10	ACMMM	1.50	13.		114	11⅞	11⅞	11⅞	
11½	9⅜	ACM Sc	1.26	13		583	9⅝	9½	9⅝	+ ⅛
9⅞	7⅞	ACMSp	1.01	12.		336	8⅛	8	8⅛	+ ⅛
24⅝	14⅝	AL Lab	.18	.9	17	157	19½	19¼	19⅜	+ ⅛
5⅛	1⅝	AM Intl				2835	1⅜	d 1⅛	1⅛	– ⅛
23⅛	7	AM In pf	2	23.		41	9⅛	8⅝	8⅝	– ½
107¼	43⅛	AMR			10	5108	45	43⅞	44	–1⅞
24⅝	22¼	ANR pf	2.12	8.9		2	23¾	23¾	23¾	– ⅛
72⅜	41⅛	ASA	3a	6.0		368	50⅛	49¾	49⅞	+ ⅛
45⅝	30⅜	AbtLab	s.84	2.1	19	4971	40½	39¼	39⅜	–1⅛
15⅛	11⅛	Abitibi	g .50			26	13⅝	13½	13⅝	
11⅝	6	AcmeC	.40	6.7	7	157	6⅛	6	6	
9⅝	6⅛	AcmeE	.32	4.7	9	3	6⅞	6⅞	6⅞	– ⅛
32⅛	18⅞	Acuson	s		25	334	30⅝	29⅞	29⅝	– ⅞
16⅞	14⅛	AdaEx	2.08e	13.		169	15½	15⅜	15½	+ ⅛
15⅝	10	Adobe				757	11⅜	11⅛	11⅝	+ ½
20⅛	17¼	Adob pf	1.84	10.		15	17⅞	17⅞	17⅞	
21⅝	20⅛	Adob pf	2.40	12.		1	20½	20½	20½	
11⅛	4⅞	AMD			24	1821	5⅞	5⅝	5⅞	
32⅝	23¼	AMD pf	3	12.		9	25⅛	25	25⅛	+ ⅛
9¼	3⅛	Advest	.16	4.9	41	232	3⅜	3⅛	3⅛	
62½	42⅞	AetnLf	2.76	6.5	7	2219	43⅛	d42⅞	42⅝	– ½
13⅛	8⅛	AflPb	.24	2.7		374	9	8⅞	8⅞	– ⅛
25	15⅝	Ahmans	.88	5.3	7	1889	16⅜	16⅛	16⅝	– ⅛
3⅝	1⅞	Aileen			7	2	2⅛	2⅛	2⅛	+ ⅛
61	43	AirPrd	1.44	3.2	11	316	45⅛	44⅞	44⅞	– ⅜
27	16⅛	AirFrt	s .30	1.5	11	75	20	19⅞	20	

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Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58¼	38¼	Wrigley	.88	2.0	16	197	45¼	44¾	45	+ ⅛
15⅛	8¼	WyleLb	.28	2.3	11	53	12	11⅞	12	− ⅛
		− X−Y−Z −								
68	38½	Xerox	3	7.4	7	4558	40¾	40⅛	40⅞	− ⅛
49	45½	Xerox pf4.13		8.8		2	47	47	47	+ 1⅛
33½	16½	XTRA	.72	4.1		27	17⅞	17⅜	17⅜	− ⅜
26½	16⅛	XTRA pf1.94		12.		10	16¾	16¾	16¾	− ¼
4	1¼	Zapata				597	1⅝	1½	1½	
17¾	5½	ZenithE				783	6	5¾	5⅞	+ ⅛
20⅛	13⅞	ZenNtl	.88	6.5	8	25	13⅝	13⅝	13⅝	
9⅛	4½	Zenix	.90	17.		309	5⅝	5¼	5¼	− ⅛
18½	10¾	Zero	.40	3.5	11	37	11½	11¼	11⅝	− ⅛
51⅛	34⅝	Zurnin	.76	2.1	16	212	38	36¾	36¾	− 1
12⅝	10⅞	Zweig	1.21e	11.		230	10¾	10⅝	10⅝	− ⅛
10	8⅛	ZweigTl	.96	11.		1477	9	8¾	8⅞	+ ⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s) b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants, y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Closing prices July 15

NASDAQ NATIONAL MARKET

3pm prices September 6

AMERICA

Rise in crude oil prices and Gulf fears hit Dow

Wall Street

ANOTHER SURGE in crude oil prices and continued fears about the situation in the Middle East sent stock prices tumbling yesterday morning, bringing to an end a period of stability in the market, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was 40.10 lower at 2,588.12 but volume remained thin with only 78m shares traded. The Dow had managed to close on Wednesday with a gain of 14.85 to 2,628.22.

Among other key indices, the broad-based Standard & Poor's 500 index was 3.91 lower at 320.48.

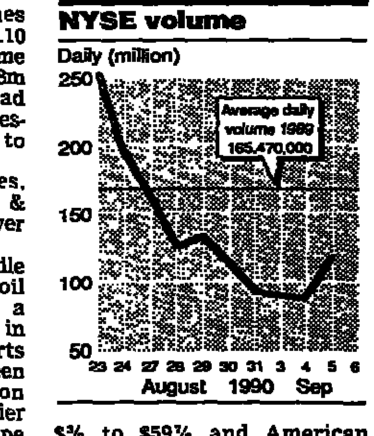
On the New York Mercantile Exchange, October crude oil futures jumped above $30 a barrel once again. The surge in oil futures followed reports that a US national had been shot in the hand late on Wednesday by an Iraqi soldier while attempting to escape from Kuwait. This news added to the impact of a report from the American Petroleum Institute showing that US crude oil inventories had fallen sharply last week.

The fall in stock prices came in spite of a hint that the US Federal Reserve could be poised to ease monetary policy. The Fed announced four-day system repurchase agreements as well as a fixed seven-day repo which bond analysts interpreted as preparation for an easing signal today after the release of August jobs data.

The Fed's operations did not cause much of a stir in the Treasury bond market, which drifted lower at midsession as movements in crude oil prices dominated.

Blue chips were generally lower. International Business Machines was relatively steady, losing only $⅛ to $102¼. General Electric slipped $⅝ to $59⅞ and American Telephone & Telegraph fell $⅜ to $31⅝. Consumer stocks fared less well, with Merck down $1⅛ to $79⅞.

NYSE volume



Oil company shares bucked the rest of the market, continuing to react to the rally in crude prices. Chevron added $½ to $77⅛, Mobil gained $⅝ to $66⅝ and Exxon was unchanged at $50⅝.

Motorola was one of the morning's biggest losers, slumping $5⅛ to $63⅝. A number of analysts at brokerage firms were reported to have lowered their earnings estimates on the company, and Smith Barney lowered its investment rating on the company to "avoid" from "hold."

Limited, the retailer, dropped $1⅜ to $15⅝ after reporting that sales for stores open for at least a year had risen just 1 per cent in August. J.C. Penney dropped $1 to $45⅞ after reporting a 2.4 per cent drop in sales for stores open at least a year in August. In contrast, Edison Brothers Stores gained $¾ to $26¼ after the company said that its board had approved the repurchase of up to 4.7 per cent of its shares outstanding.

NL Industries added $¼ to $13¼ and Valhi dropped $1 to $10¼. The two companies are both controlled by Mr Harold Simmons, the Dallas investor. They have agreed to merge through a stock swap valued at $411m, which would leave Valhi as the surviving company.

Canada

A WEAK opening in Toronto was followed by a drift lower by midday, with little economic news and few developments from the Middle East to provide direction. The prospect of a Socialist win in Ontario's provincial elections could weaken equities, dealers said.

The composite index eased 11.5 to 3,321.7 on volume of 12.1m shares. Declines led advances 237 to 171.

Abitibi-Price eased C$¼ to C$15¾. The Canadian Paperworkers Union said it would strike at Abitibi on September 10 unless a labour settlement was reached.

Domestic focus blots out foreign rumbles

Hilary Barnes on why Copenhagen has reacted better than most to Middle East events

COPENHAGEN is mainly a domestic market, and the biggest group listed on the stock exchange stands to gain as well as lose by higher oil prices and the Gulf crisis. This explains why the Copenhagen share index has performed better – or less badly – than most others since Iraqi President Saddam Hussein moved into Kuwait on August 2.

The international market interest in Danish stocks is relatively limited. A handful of industrials – Novo Nordisk, Danisco, ISS, Carlsberg and East Asiatic, plus the bigger banks and insurance companies – attract outside interest. From the foreign investor's point of view, most other Danish stocks are a rather special taste.

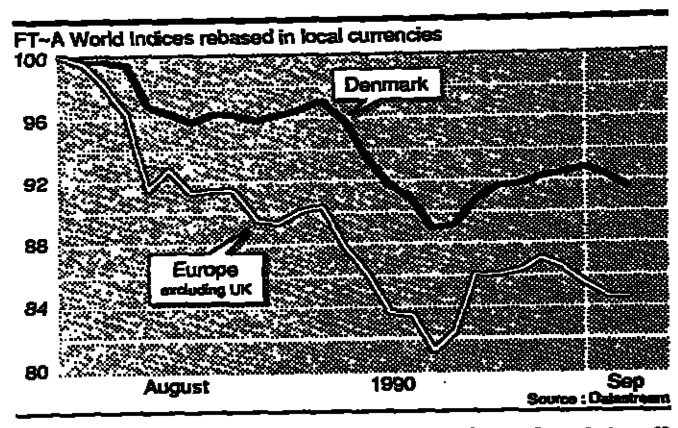
Some Scandinavian companies have shown interest, however, with several now listed in Copenhagen. It was announced yesterday that Skandia, the Swedish insurance giant, is also to seek a listing there.

As a result of the Danish market's mainly domestic focus, international events make a lesser bleep on the screens in Copenhagen than in many other centres. This was also the case in 1987, when Black Monday here was a shade of grey.

The structure of the market is also special, as Mr Gorm Praefka, head of share trading at Unibors, the Unibank group's stock broking company, pointed out. The equities market is dominated by the pension funds, which for tax reasons, among others, are extremely stable investors and do not sell for short-term reasons.

Danish investors have also learnt to be cautious sellers as a result of their experience in 1987 and again in 1989, when prices recovered quickly after initial market set-backs, and those who were quick on the draw and sold heavily would, as events turned out, have done better to stay on hold, said Mr Praefka. This time, Danish investors seem to have been slow to get out.

By far the largest group, by market capitalisation, listed on the Copenhagen exchange is the A.P. Moeller shipping group, represented by the shares of its twin parent companies, D/S 1912 and D/S Svendborg. Moeller's market capitalisation is currently about DKr38bn ($6.3bn), a



decline of about DKr2bn since mid-year, which is double its nearest rival, Danske Bank, and four times the valuation of the biggest industrials, Danisco, Carlsberg and Novo Nordisk.

Unlike the Norwegian shipping companies, many of which have taken a beating since August 2, Moeller may well gain as much as it loses from the crisis. Moeller is the operational partner in the Danish Underground Consortium, together with Shell and Texaco, which produces oil and gas from the Danish sector of the North Sea although its offshore interests are not limited this region.

It operates about 50 offshore drilling units in many parts of the world, varying from barge rigs to some of the largest and most sophisticated jack-up rigs. Although Danish oil production is small – about 5.5m tonnes this year – it has nevertheless transformed the Danish self-sufficiency situation since 1973, when the country was entirely dependent on imported energy. The total oil requirement is now about 9.5m tonnes a year.

Since July 31, the shipping index has fallen by 14 per cent. The other group indices have held up much better, with banks down 5.5 per cent, insurance 4.2 per cent, trade and service 7.5 per cent and industrials by 4.3 per cent.

The two big banks, Den Danske Bank and Unibank, presented disappointing half-year statements. Both of them cleared the decks following the significant mergers which took effect from January 1 by making unexpectedly large loss provisions (the new Danske Bank incorporates Danske Bank, Copenhagen Handelsbank and Provinsbanken, while Unibank incorporates Privatbanken, SDS and Andelsbanken).

Half-year reports from the industrials have also been disappointing, influenced to some extent by the 6 per cent trade-weighted revaluation of the krone this year.

This means that even when sales and profits looked good in currencies such as the dollar, they show little growth when the figures are translated to Danish krone. Novo Nordisk, ISS, and Bang & Olufsen have all been adversely affected by this factor.

EUROPE

Madrid bomb blast dominates cautious day

THE MOST gripping event in European bourses yesterday was a bomb explosion, which led to a temporary suspension of trading in Madrid and slightly injured six people. Otherwise, markets suffered another thin, nervous day, with only a few bright spots, such as the 4.8 per cent rise in the share price of Enimont in Milan, *writes Our Markets Staff.*

MADRID fell in low volumes amid worries about the effect of the higher oil price on the Spanish economy. The general index lost 4.48 or 1.8 per cent to 242.32. The open outcry session was curtailed by the bomb blast which occurred towards the end of morning trading, but computerised trading resumed in the afternoon.

MILAN finished steady, buoyed by interest in Enimont, the chemicals venture, and by modest rises in financial stocks. The Comit index dipped 1.73 to 604.96.

Enimont extended the previous day's gains, which had followed the news that the Government was prepared to pull out of its joint venture with Montedison if no new agreement could be reached. Enimont jumped L54 or 4.8 per cent to L1,189, rising another L44 after hours. Montedison fell L21 to L1,392 at the official fixing, but recovered to L1,422 later.

Pirelli Spa dropped L59 or 3.3 per cent to L1,740 after the previous day's poor first-half results from its tyre company, based in the Netherlands.

PARIS gave up the previous day's gains in light trading as investors awaited news from the Gulf. The CAC 40 index dropped 28.81 or 1.8 per cent to 1,609.51. A bomb scare interrupted trading in Paris for about 20 minutes.

Rhône-Poulenc, the chemicals group, plunged FFr29.10 or 10.8 per cent to FFr240.90 after Wednesday's news of a 14 per cent fall in first-half earnings and amid pessimism about the second half.

One of the few other featured stocks was Raffinage, Total's refinery subsidiary, which gained FFr8 to FFr268 on speculation of a capital reshuffle. The rumours were denied by the parent company.

Thomson-CSF eased FFr1 to FFr92; the state-controlled defence and electronics group said that it had won contracts to supply radar and air control equipment to three international airports.

FRANKFURT drifted lower in a nervous session, with few investors brave enough to enter the market. The DAX index slipped 7.15 to 1,557.12 and the FAZ index lost 10.34 to 666.26. Turnover was DM3.8bn, after Wednesday's DM4.2bn.

The Middle East crisis and worries about the costs of German unification continued to be the principal deterrents.

The chemical sector continued to fall after declines in earnings. Bayer shed DM5.20 to DM231.30, Hoechst fell DM5 to DM227 and BASF lost DM2.60 to DM224.90.

MAN, the truck, engineering and steel trading group, added DM4 to DM337; it reported a provisional rise in net profits of 25 per cent.

AMSTERDAM slipped in dull trading as investors continued to stay away in the face of the current Middle East tensions. The CBS tendency index dropped eased 0.2 to 101.1.

Bols fell Fl 1.50 to Fl 180.50; the distiller reported first-half net profits up 10 per cent. Heineken, which announces first-half results today, slipped 50 cents to Fl 113.80.

HBG, the builder, reported first-half net profits at the lower end of analysts' forecasts. Before the news, its shares had slipped Fl 1 to Fl 176.

STOCKHOLM declined in mostly dull trading, with the Affärsvärlden General index down 7.3 at 1,126.0. Free B shares in Astra, the pharmaceutical company, rose SKr5 to SKr540, after the previous day's results. Pulp and paper group Stora's free B shares were unchanged at SKr278 before it confirmed a significant shift in corporate strategy.

OSLO dipped on concerns for the world economy as a result of the Gulf situation. Petroleum stocks were strong, however, on the back of higher North Sea oil prices.

The all-share index lost 1.7 to 600.46 in trading worth NKr327.5m. The industry index, which includes oil stocks, rose 1.12 to 869.26, with Norsk Hydro up NKr5 at NKr238 and Saga B shares rising NKr4 to NKr189.

Higher aluminium prices boosted Elkem's free shares, which gained NKr13 to NKr258.

HELSINKI fell, with the Unitas all-share index down 6.6 or 1.3 per cent at 501.1. Volume was thin, however, with only FM24m worth of shares traded.

BRUSSELS dipped in one of the thinnest sessions of the year. The forward market lost 50.22 to 5,397.08 and the cash market index fell 18.46 to 5,465.97. UCB dropped BFr350 to BFr21,725; the chemical group reported a 30 per cent gain in first-half net profit.

ZURICH eased in trading restricted not only by nervousness about the Gulf but also a holiday in Geneva. The Crédit Suisse index lost 2.9 to 543.5.

ISTANBUL dropped 4 per cent, taking its decline since Monday to 8.9 per cent. The market index shed 190.8 to 4,528.97 in light trading.

ASIA PACIFIC

Eased margin rules fail to settle jitters over Kuwait

Tokyo

INVESTORS were unnerved by the news that a US citizen had been injured by Iraqi soldiers in Kuwait, and the market suffered its fourth consecutive decline yesterday in very quiet trading, *writes Michiyo Nakamoto in Tokyo.*

Spirits were not lifted by the easing of margin transaction rules announced by the Tokyo Stock Exchange late on Wednesday. The authorities eased the collateral requirement for margin transactions from more than 40 per cent to more than 30 per cent of the value of the shares.

This is the third time this year that the stock exchange has eased margin trading regulations and the first time in eight years that the collateral requirement has been reduced to 30 per cent. However, activity remained low and the Nikkei average fell through the 24,000 resistance level.

After a promising start, the market dipped as bond prices plunged in reaction to reports that an American had been shot in Kuwait. The Nikkei average tumbled to the day's low of 23,620.37 before closing down 266.43 at 23,811.91. This was the first time in 10 days that the Nikkei had ended below 24,000. Yesterday's high was 24,268.30.

Declines outpaced advances by 702 against 252, and 133 issues were unchanged. The broad-based Topix index lost 14.05 to 1,846.03 but, in London trading, the ISE/Nikkei 50 index rose 5.18 to 1,393.47.

Investors were concerned about the impact of the expiry of the Nikkei index futures September contract on the 14th. Yesterday the September contract tumbled to remain at a discount to the cash index at the close.

The market failed to be cheered even by news that the government had decided to postpone the sale of another 1.95m shares in Nippon Telegraph and Telephone. NTT's shares didgain, however, closing Y2,000 higher at Y870,000.

Strong buying interest was seen in a number of issues with special incentives. Nonferrous metals were buoyed by strength in Sumitomo Metal Mining, which announced that it had found a vein containing 50 tonnes of gold. Sumitomo Metal Mining rose Y200 to Y1,570 in active trading. Mitsui Metal Mining was first in volume terms, with 19.1m shares traded, and gained Y62 to Y800, and Dowa Mining added Y99 to Y769.

Resources also saw strength on higher prices, with Mitsubishi Gas Chemical rising Y14 to Y729 on higher liquefied petroleum gas prices. Iwatani International was pursued on the same theme and gained Y60 to Y1,130, although it was also lifted by rumours that it was being targeted by a speculative group. Iwatani was second in volume with 16m shares.

Speculative interest revived yesterday. Honshu Paper, which had been bought on talk that speculators were buying shares, closed with a maximum gain of Y500 to Y4,550. Kurabo, another speculative issue, rose Y130 to Y1,850.

Interest in geothermal power generation boosted Mitsui Construction, which has a project in northern Japan. It gained Y80 to Y1,150.

In Osaka trading activity rose from 37m shares on Wednesday to 66m, while the OSE average lost 238.12 to 28,269.15.

Roundup

REPORTS OF the shooting in Kuwait combined with Tokyo's fall to pull most regional markets lower in light trading yesterday. Australia managed to end mixed, however, while South Korea and the Philippines had their own domestic worries.

AUSTRALIA edged slightly higher in thin trading, with the All Ordinaries index adding 2.4 to 1,481.6. Turnover was A$134m, down from A$165m.

Brambles, the transport group, and Western Mining both ended above their day's lows after reporting encouraging annual profit results. Western Mining rose 1 cent to A$4.98 and Brambles ended 10 cents lower at A$13.30, recovering from a low of A$13.

SEOUL dropped for the third consecutive session, with the composite index down 8.71 at 616.29 in moderate trading. The market was disappointed by the lack of progress at the North/South Korean talks.

MANILA declined after the previous day's bomb explosions near the Philippine presidential palace. The government's announcement that economic growth had slowed down in the first half of this year also hit shares. The composite index fell 8.62 to 717.71.

BOMBAY rose on rumours that trading restrictions would be lifted at the end of the current settlement period on September 13. The BSE index gained 29.87 to 1,229.83.

SOUTH AFRICA

GOLD STOCKS firmed in Johannesburg, recouping part of the previous day's falls. The all-gold index rose 30 to 1,637, with Vaal Reefs up R5 at R305 and Freegold gaining R1.25 to R40.50. The overall index edged up 5 to 2,965.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 5 1990								TUESDAY SEPTEMBER 4 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	143.80	+0.2	112.29	128.75	116.81	115.82	−1.0	6.36	143.53	113.37	130.29	118.17	116.99	158.31	125.85	154.96
Austria (19)	220.00	+1.2	171.80	196.99	178.71	179.06	+0.5	1.62	217.38	171.70	197.32	178.96	178.21	285.63	193.15	149.08
Belgium (61)	141.03	+1.6	110.13	126.27	114.56	111.82	+0.4	5.18	138.78	109.62	125.97	114.25	111.40	160.02	132.11	133.88
Canada (119)	133.64	+0.7	104.36	119.66	108.56	111.63	+0.1	3.64	132.65	104.78	120.41	109.20	111.57	153.61	130.37	151.04
Denmark (33)	256.88	+0.1	200.60	230.01	208.67	209.36	−0.7	1.42	256.61	202.69	232.93	211.25	210.80	277.62	236.69	191.30
Finland (26)	120.79	−0.2	94.33	108.16	98.13	93.56	−0.7	2.93	121.01	95.58	109.85	99.62	94.20	152.29	120.79	130.35
France (123)	138.97	+2.5	108.52	124.42	112.88	114.17	+1.1	3.59	135.61	107.12	123.09	111.63	112.90	168.85	133.16	130.49
West Germany (92)	120.97	+0.1	94.47	108.33	98.27	98.27	−1.2	2.30	120.84	95.45	109.70	99.48	99.48	144.63	117.75	98.18
Hong Kong (48)	124.38	−0.5	97.13	111.37	101.04	124.03	−0.5	5.24	125.03	98.76	113.49	102.94	124.66	147.49	112.24	108.32
Ireland (17)	148.52	+0.8	115.98	132.98	120.65	122.02	−0.5	3.56	147.40	116.43	133.80	121.35	122.64	198.57	146.81	152.98
Italy (95)	89.46	+2.0	69.86	80.10	72.67	77.90	+0.7	3.04	87.73	69.30	79.63	72.22	77.38	109.26	87.35	93.91
Japan (454)	124.92	−1.2	97.55	111.85	101.49	111.85	−2.6	0.76	126.45	99.88	114.78	104.11	114.78	197.26	118.66	177.77
Malaysia (35)	220.44	+0.1	172.15	197.37	179.07	228.08	+0.0	2.59	220.22	173.95	199.89	181.29	227.98	250.89	195.23	193.41
Mexico (13)	508.45	−1.4	397.06	455.26	413.03	1606.30	−1.5	0.32	515.71	407.35	468.12	424.57	1631.23	561.41	324.53	300.77
Netherland (42)	138.25	+2.4	107.96	123.79	112.31	111.12	+1.0	5.13	135.07	106.69	122.60	111.20	110.04	149.03	130.43	125.76
New Zealand (17)	61.94	+0.8	48.37	55.47	50.32	52.73	−0.3	6.78	61.45	48.54	55.78	50.59	52.86	75.36	59.57	86.56
Norway (23)	268.63	+1.7	209.78	240.53	218.22	220.59	+0.7	1.44	264.17	208.66	239.80	217.48	219.08	276.79	202.34	184.32
Singapore (25)	173.44	+0.4	135.44	155.30	140.89	139.63	−0.5	2.99	172.70	136.41	156.76	142.17	140.31	209.24	156.96	168.40
South Africa (60)	176.51	−1.0	137.84	158.04	143.38	151.00	−1.0	3.80	178.35	140.88	161.89	146.82	152.58	251.39	170.00	157.14
Spain (42)	150.91	−1.1	117.85	135.13	122.59	112.44	−1.6	4.89	152.67	120.59	138.58	125.68	114.33	182.25	132.84	158.74
Sweden (34)	198.01	+1.2	154.63	177.30	160.86	168.77	+0.4	2.38	195.72	154.59	177.66	161.13	168.12	234.93	173.89	179.71
Switzerland (65)	95.70	+1.5	74.73	85.69	77.75	77.01	+0.0	2.75	94.33	74.51	85.63	77.67	77.02	109.77	86.75	90.32
United Kingdom (301)	163.52	+1.3	127.70	146.40	132.83	127.70	+0.2	5.39	161.40	127.49	146.50	132.86	127.49	176.18	139.87	152.28
USA (536)	130.72	+0.3	102.09	117.05	106.20	130.72	+0.3	3.79	130.27	102.90	118.25	107.25	130.27	148.95	123.62	142.13
Europe (973)	139.97	+1.2	109.31	125.33	113.71	111.61	+0.0	4.14	138.25	109.20	125.49	113.82	111.56	157.65	135.57	128.62
Nordic (116)	200.17	+0.8	156.32	179.23	162.61	160.07	+0.0	1.90	198.66	156.92	180.33	163.55	160.13	223.29	185.01	184.85
Pacific Basin (659)	125.54	−1.1	98.04	112.41	101.98	112.24	−2.4	1.16	126.95	100.28	115.24	104.52	115.01	192.75	119.53	174.41
Euro – Pacific (1632)	131.76	−0.1	102.89	117.97	107.03	112.76	−1.4	2.45	131.90	104.18	119.72	108.58	114.31	174.18	127.11	156.23
North America (655)	130.81	+0.4	102.15	117.14	106.28	129.49	+0.3	3.78	130.32	102.94	118.31	107.31	129.06	148.43	124.33	142.56
Europe Ex. UK (672)	124.90	+1.2	97.54	111.86	101.49	101.84	+0.0	3.27	123.42	97.49	112.06	101.63	101.89	145.62	121.42	113.53
Pacific Ex Japan (205)	132.12	+0.0	103.18	118.32	107.34	113.65	−0.7	5.62	132.10	104.34	119.93	108.76	114.48	146.72	122.53	133.86
World Ex. US (1824)	132.48	−0.1	103.46	118.63	107.62	113.50	−1.3	2.50	132.60	104.74	120.37	109.17	115.00	173.77	128.14	156.15
World Ex. UK (2059)	127.64	−0.1	99.67	114.29	103.70	118.02	−0.9	2.64	127.76	100.91	115.97	105.18	119.03	162.00	121.96	148.88
World Ex. So. Af. (2300)	130.55	+0.1	101.95	116.90	106.06	118.75	−0.7	2.94	130.46	103.04	118.43	107.41	119.63	161.84	125.26	150.04
World Ex Japan (1906)	135.19	+0.7	105.57	121.06	109.84	122.79	+0.1	4.00	134.27	106.06	121.90	110.56	122.60	151.59	130.40	137.28
The World Index (2360)	130.62	+0.1	102.16	117.14	106.28	118.97	−0.7	2.95	130.75	103.27	118.68	107.64	119.85	162.05	125.57	150.08

Constituent change 6/9/90. Deletion. Electro Financiere (France). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Uncanny abilities in brain-damaged patients offer clue to how intuition works

IF the Jobs column shared its son's quirk of reading in the bath, passers-by in Greenwich might well have had a nasty shock. Never before has a book so impelled me to leap up and rush into the streets, shouting "Eureka!"

For the one in my hands had just settled a question pundits have discussed fruitlessly for ages – What's wrong with management? I didn't expect to find the answer in a treatise called "From Neuropsychology to Mental Structure"*. But there it was on page 386 – *Anosognosia*, which translates roughly as loss of the sense of being in any way ignorant.

It is a brain disorder whose victims are evidently incapable of recognising that they fall short of perfection. One case the book cites is a man unable to move his left hand who steadfastly insists he can do so. When the doctor takes the stricken hand between his own, and asks "Whose hands are these?", the man says all three belong to the doctor. On being asked if he has ever seen anyone with three hands, he replies: "A hand is the extremity of an arm. Since you have three arms, you must have three hands."

* *By Tim Shallice. Cambridge University Press. £15.95*

Why intellectual skills may not be enough

That sort of logic will no doubt be familiar to people unlucky in their bosses. But the book, by Tim Shallice of the Medical Research Council in Cambridge, goes far beyond hinting that certain managers may have something worse than bees in their bonnets. It also sheds light on another question central to most types of work done by readers of this column: mentally demanding jobs requiring inventiveness in the sense of new responses to freshly arising challenges.

Most educational courses, and many training programmes, seem to assume that people in such jobs operate by a two-stage process. The first is to think out what they are going to do. The second is to do it.

It is an assumption which dates back at least 2,450 years to Plato who held that the conscious and rational intellect is the mainspring of all worthy actions. But the same does not square with what I have heard from the numerous proven innovators whom I've asked how they do their jobs.

Besides business creators such as entrepreneurs and engineers, they include eminent researchers in high-energy physics, chemistry, medicine and economics, not to mention an august philosopher. Every one of them denied planning out the work intellectually before tackling the practical tasks.

The decisive thinking was somehow embedded in the doing, and could not be separated out. "I do it by *feel*", most of them said.

Others talked about relying fundamentally on intuition – a faculty so widely used by managers that Switzerland's IMD business school has set up research into how intuition works. Indeed, it was largely as a result of joining in one of the experiments that I came to read Dr Shallice's book.

One possible explanation of intuitive power is founded on Professor Roger Sperry's studies of the brain, which won him a Nobel Prize for medicine nine years ago. He and his colleagues found that the topmost part of the brain is divided vertically into two halves, each with its own set of functions.

In rough terms, the right half deals with complex reality as a whole, taking it in much as the eye takes in a landscape, focusing on the wood and not the trees. The left half's focus is the opposite. It breaks the complex down into component parts, and sorts them into rational order, and so is thought to govern operations such as mathematics and prose-writing which hinge on powers of analysis.

The right brain, for its part, is believed to underpin synthesising activities such as engineering design and artistic pursuits. A good many people believe it is also primarily responsible for intuitive thinking, as distinct from the logical sort.

Leaps and steps

Accordingly there has grown up a theory that we all tend to use one half more than the other, right-siders leaping to their conclusions intuitively whereas left-siders reach theirs by a sequence of calculated steps. Dr Shallice thinks the theory is wrong.

There is a big obstacle – albeit a necessary one – in the way of any certain understanding of such matters. It is that researchers are not allowed to go about selectively tinkering with humans' brains to see what they do in consequence. Knowledge has to be built up from studies of people with accidental or pathological to various bits of the brain, which is an incomparably complex box of tricks.

As well as working with many such victims at first hand, Tim Shallice has combed through the findings of fellow-researchers all over the world. He accepts that that the two hemispheres of the brain, which are normally linked so as to work in conjunction, perform different primary functions. He also accepts that when the connection between the halves is cut, the effect can be drastic enough to make us behave as though we were two very different people inhabiting the same body.

But he deeply doubts that studies of split-brain patients are an adequate guide to the functioning of the fortunate majority with brains in a normal state. To use a crassly simplified comparison (which he dislikes), what happens when a car engine loses either its fuel- or electricity-supply, tells us little or nothing about what it does when both are intact. As the book says: "Any conscious experience limited to one hemisphere would be quite unlike the one we have."

Even so, while the split-brain evidence may fail to account for intuition, another line of research offers a clue to how it works. Some people suffer from a disorder called "blindsight". Their vision has been partly blanked out so that they cannot see anything to the left of their nose, for example, although they have completely normal sight on the other side.

Remarkably, a number of them can still detect visual signals sent into their blind area. That much is known because laboratory instruments enable signals to be projected into their blanked-out field in a way that prevents any light reflecting into the area which they can see.

The star blindsight performer is a man who can not only point accurately to the source of the signal, but also tell the difference between two simple images such as X and O. The "Eureka" factor is that when asked how he detects a purely visual stimulus that he is unable to see, he says he does it by *feel*. The O feels "smoother" than the X, for instance.

Moreover, blindsight tallies with other uncanny abilities. One is that some severe dyslexics can pick up the meaning of words which they are totally unable to read.

As a scientist, Tim Shallice is again doubtful that such simple accomplishments by handicapped people are a reliable guide to the elaborate functioning of normal brains. But his intuition is that the abilities point to the existence of intelligent processes of which the intellect is not aware.

Indeed, far from sharing Plato's view of the conscious mind as the supreme all-embracing instrument, he suspects that it is just a supervisory system with control over only a limited range of things. And although those things are complex – governing anger is probably one of them – it seems possible that the supervisory system is crude by comparison with the sensitivity of other processes to which it may have little or no access.

If so, the implications are truly radical. For one thing, present educational practices need to be rethought down to their very roots.

Michael Dixon

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Proven analytical ability and experience is essential with Japanese language an advantage, but not a prerequisite. Suitable candidates currently based outside Japan, but with relevant knowledge and a desire to enthusiastically apply analytical skills to commercial use will be considered.

A competitive remuneration package with excellent fringe benefits will match the important demands of this position.

Please send a detailed C.V. or Resume to:-

N.C.M. Akers
Head of Research
James Capel Pacific Limited
Kokusai Building. 7 Floor
1-1, Marunouchi 3-chome, Chiyoda-ku
Tokyo 100
Tel. (81-3) 282-0111 Fax. (81-3) 282-0123

CAREER CHOICE

The Financial Times proposes to publish a Survey on the above on
17th October 1990
For a full editorial synopsis and advertisement details,
please contact Penny Robertson
on 071-873 3316
or write to her at:
Number One Southwark Bridge, London SE1 9HL

European Fund Management
to £60,000

The capital management subsidiary of a major international securities firm is seeking a senior fund manager to be responsible for continental European equity funds, managed on behalf of international institutional clients. Educated to degree standard, the successful candidate, aged mid 30's, will need to have a minimum of 5 years experience of the European markets.

Call Martin Symon on 071-623 1266

Jonathan Wren & Co. Ltd., Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Tel:071-623 1266, Fax:071-626 5258

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Major international securities house wishes to expand its operation with the acquisition of an experienced European Equity Trader. You will be between 27 and 37, have a minimum of 4 years experience and good generalist sector knowledge. It is likely that you will come from a market-making environment.

Call Nigel Haworth on 071-623 1266

Jonathan Wren & Co. Ltd., Recruitment Consultants
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An excellent opportunity exists to join one of the world's leading investment banks on its German desk, selling fixed income and derivative products to institutional clients. The opportunity could be yours if you are in your 20's, well-educated, already in banking, and a proven communicator with good spoken German. For a first-class career move:-

Call Nigel Haworth on 071-623 1266

Jonathan Wren & Co. Ltd., Recruitment Consultants
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Jonathan Wren Executive

Manager — Interest Rate Products

- **New Zealand's Foremost Broker**
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On behalf of Morgan & Banks New Zealand, we are looking for an outstanding broker/manager.

Our client, a leading international broker, will be interested in discussing this position with you if:

- You have extensive Interest Rate Products experience.
- Want to lead the best team in town.

If you have initiative and market ability, a highly attractive salary package will be negotiated.

For further information in strict confidence, please telephone **RAJ MUNDE** at Morgan & Banks Ltd London on 071-2401040, Fax 071-240 1052 or send *a resume to 114 St Martin's Lane, London,* WCZN 4AZ.

Morgan & Banks
INTERNATIONAL

FOREIGN EXCHANGE

Spot Traders are required by our client, a prestigious and progressive European bank with a commitment to expansion in London. It has a well developed Foreign Exchange and Currency Options dealing capability and now needs additional traders with at least 2 years' experience of both jobbing and positioning a $/DM or crosses (DM/Yen, £/DM) book.

The appointees are likely to be under 30 to fit into a dynamic environment.

For further details call **Anthony Isern** on
Tel: 071 • 796 3132
Fax: 071 • 796 4620
JAC Recruitment
3rd Floor • Dauntsey House •
Frederick's Place • Old
Jewry • London EC2R 8AB

JAC RECRUITMENT

INVESTMENT ANALYST

N M Rothschild Asset Management Limited (RAM) provides advice and investment management services *for a wide variety* of domestic and international clients including governments, central banks and multinational companies.

An opportunity now exists for a young investment analyst to join the institutional fund management section, which is primarily responsible for the UK *pension fund investment activity of* RAM.

The job will include researching and recommending stocks in the chemicals, health and household sectors, managing designated funds, attending and reporting on high-level client meetings and implementing policy *within a team environment.*

The post, which could represent an ideal first opportunity to manage client investments, should attract applicants with two or three years' experience in an investing institution or stockbroking firm. Applicants should be graduates and/or professionally qualified with a high standard of numeracy, literacy and *interpersonal* skills. Genuinely fast-track promotion prospects are available for an outstanding candidate.

The remuneration, which will include profit sharing and an excellent range of benefits, will be highly competitive.

In the first instance, please send a personal résumé detailing your experience, in the strictest confidence to: Andrew S May, N M Rothschild Asset Management Limited, New Court, St Swithin's Lane, LONDON EC4P 4DU.

N M ROTHSCHILD
ASSET MANAGEMENT LIMITED

Marketing
UK Pension Funds

The asset management subsidiary of a prestigious UK merchant banking and investment management group is seeking an experienced individual to be responsible for marketing its products to UK-based institutional investors (predominantly pension funds).

The company offers an extensive range of fund management services to its UK and international clients. Products offered in the UK include international and UK specialist, balanced, segregated, co-mingled, quantitative and property funds.

Candidates must have proven experience in institutional investment marketing. Responsibilities will include new business development, support for existing client and consultant relationships, development of marketing literature, organising conferences and seminars, and contribution to new product development.

A competitive salary and bonus will be offered according to skills and experience, together with a comprehensive benefits package.

Please write, in confidence, with a full C.V. to:—

Box No. A923,
c/o Financial Times, Number One Southwark Bridge, London SE1 9HL.

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c.£50,000
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+Bonus

The City

An outstanding opportunity for a *US Equities* Fund Manager to join a Major Investment Bank at an exciting stage in their *development.*

Currently managing funds of £300 million they have a strong presence in the management of European and Japanese portfolios. They are seeking a proactive individual who, building on their existing expertise and resources, will broaden the base of their activities by substantially expanding and developing their US portfolio. This is a high profile role involving presentations to clients and considerable liaison with investment teams worldwide.

Candidates will ideally be in their mid 30's, have at least 5 years' experience in managing US portfolios and possess excellent marketing skills.

Interested applicants should apply directly to Margaret Wood at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR.
Telephone: 071-836 3545 or evenings on 0753 40687.
Alternatively, fax your details on 071-836 4942.

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(0272) 226227 (Office Hours)
(0272) 240818 (Evenings and Weekends)

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Resumés for the attention of the President, GCC Technologies Ltd, Portman House, Princes Street, Ipswich, Suffolk, IP1 1RS
Tel: (0473) 212313. Fax (0473) 231240

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Our client, a premier AAA rated bank is looking to appoint a number of individuals to its proactive transaction management teams. This bank has a reputation for innovation and is at the forefront of the market in developing structured issues. Successful applicants will join these teams where they will be responsible for developing and negotiating on issues. Candidates, ideally aged 26-32, should have formal legal qualifications and/or relevant experience gained within a law firm or banking environment. Individuals must have the maturity and experience to credibly represent the bank for which they will receive a generous remuneration package and excellent promotion prospects.

Interested applicants should contact **Simon Ponsonby or Ann Semple** on 071-831 2000 or write enclosing a full curriculum vitae to **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Appointments Advertising

appears every **Friday** in the International Edition

Wednesday, Thursday (in the UK Edition)

For further information in North America please call:

JoAnn Gredell on 212 752 4500

or write to her at 14 East 60th Street New York, NY 10022

FINANCIAL TIMES

FUND MANAGER

A rare opportunity in International Fund Management

City, £ Highly Competitive + Banking Benefits

UBS Phillips & Drew International Investment is the international arm of UBS Asset Management. Our UK subsidiary, Phillips & Drew Fund Management, is a substantial and successful presence in the domestic arena.

We are a small team with ambitious growth plans and are now seeking an additional Fund Manager. *The job encompasses a wide range of activities including research, fund* management and marketing. This latter aspect will involve extensive travel within Continental Europe and, possibly, the U.S.

This demanding role requires a high degree of self motivation and enthusiasm. Candidates, of graduate ability, will have minimum of two years' fund management experience and well developed inter-personal skills. A European language would be highly advantageous.

We offer an excellent remuneration package which includes subsidised mortgage facilities, *health cover and non-contributory pension.*
Equally important are the genuine prospects for career progression.

Please send career details to:

M. P. Gostick, Personnel Manager,
UBS Asset Management (UK) Limited,
Triton Court, 14 Finsbury Square,
London EC2A 1PD.

UBS Asset Management (UK) Ltd.

... key roles at the heart of a new company

Our client is a newly re-structured £multi-billion organisation active in energy management and associated fields. A firm commitment by the Company to critically review its future performance and profitability of its businesses has led to the creation of a new corporate business strategy department.

High profile, yet still embryonic in culture and style, the department now needs two senior analysts/strategists to form the nucleus of the team, currently comprising a Manager and an expert adviser appointed from the industry at large. The team will be project driven, identifying, analysing those issues which will influence the future direction and success of the Company.

***The specific role of the analyst/strategist will be to provide in-depth* problem solving and analytical skills to this broad range of commercial issues, developing thoughts and ideas into practical and cost effective strategic plans.**

Candidates will ideally be graduates in their late 20's/30's with relevant business experience in IT, Finance, Statistics or Operational Research probably gained in an industrial, manufacturing technology or energy related environment.

However whilst specific sector knowledge is not crucial, candidates must have the credibility, maturity and energy to operate effectively at senior management and Board level. Excellent problem solving and analytical skills are essential, as is the ability to communicate the findings in a concise and well presented oral and written format.

Salary will reflect experience and potential and an exellent range of benefits will include relocation expenses as appropriate.

Please write with full details and including a current photograph to our Advising Consultant: Michael Hordern, Zygot International, Heath House, *Heath House Road, Woking, Surrey GU22 ORD*

Corporate Business Strategists

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TO £35,000

EXECUTIVE RESOURCING
ZYGOT International

An opportunity for a Bond Market professional to become a Senior Trader with a world leading Fund Management Company

The primary function is to execute buy and sell orders on behalf of the fund managers. The scale and sophistication of these trades is of the highest order. It will be your responsibility to obtain best possible bids from market makers and brokers in various markets.

You will also be required to contribute to investment decisions by providing commentary on market tone and future direction. You will be able to contribute towards improvement of returns by executing trades on your own discretion to switch between comparable securities (within closely defined parameters) where price opportunities exist.

The key requirement of the appointment is an informed understanding of the international bond markets, preferably from previous experience in a trading environment, and we therefore invite applications from interested candidates who have worked in the market in some professional capacity for at least four years.

The position is London based and carries an excellent salary and benefits including mortgage subsidy, profit-sharing bonus, non contributory pension and medical insurance.

To apply, please write with CV to: **Brian Wilks, John Sears & Associates, Executive Management Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP, or telephone 071-222 7733.**

John Sears and Associates A MEMBER OF THE SMCL GROUP

MDB

MCDONNELL DOUGLAS BANK GROUP

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The McDonnell Douglas Bank Group has *recently reported* a record volume of business for 1989 and is on target to produce increased figures for 1990. Backed by one of the *world's largest corporations*, MDB specialises in the provision of Operating Leasing to corporate customers on a wide range of assets, where MDB takes the residual risk. In addition, it offers a wide *range of financial services*, including finance leasing, hire purchase, aircraft mortgages and receivables lending.

As Operating Lease Specialist, you will be responsible for marketing the MDB Equipment Operating Lease facilities direct to end users in *London and the South East region*. As a member of a successful and highly motivated sales force, you will report to the Director – Equipment Finance, and will play a key role in each sales initiative. *Particular emphasis is placed* on problem solving using innovative structuring in transactions, tailoring each proposal to the individual needs of the customer.

Preferably aged 28-35, you have at least three years' experience of leasing sales within the middle ticket sector and can demonstrate a high level of achievement. Self-motivated, assertive and ambitious, you are looking to continue a successful career path within this highly competitive environment.

Based in Croydon, you will command a salary which reflects your high calibre, and the remuneration package includes a company car and generous commission plan.

In complete confidence, please ring or write to:
Kate Syms, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.
Telephone: 071-629 5909.

Simpson Crowden
CONSULTANTS

Excellent career opportunities in UK and European Equities with a major, international Securities House.

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SW1 ***£40-60,000 pa + bonus and benefits***

The expansion of UK and European equity sales to institutional investors has created a need for experienced salesmen who can generate substantial commission and participate in the development of a long term broking business.

An established client base and a good track record are essential together with the ability to market investment ideas and generate business. You will have the support of a strong, well established research team.

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£40-70,000 pa + bonus and benefits

A senior dealer with at least five years experience is required to trade in major UK and European equities and to execute substantial orders on behalf of Nikko's international client base.
A thorough knowledge of UK and European equity markets is required.

For a confidential discussion call Alison Birtwistle on 071-222 3583 or write to her at:

The Nikko Securities Co., (Europe) Ltd.,
55, Victoria Street, London SW1H 0EU.

NIKKO

As a Fortune 100 Company with rapidly growing subsidiaries across Europe, our Paris European Headquarters Operation is expanding to meet the needs of our business.
Due to internal promotion and expansion, our Headquarters Finance Department is recruiting for the following positions .

Financial Planner - Forecasting FP/FT/990

Reporting to the European Forecasting Manager, you will be responsible for managing the European Product Forecast. Responsibilities include analysis of product mix, volume, and foreign exchange impact. The position requires the management of communication links between US and European Headquarters as well as European Subsidiaries.

Senior Consolidations Accountant CA/FT/990

The main responsibility of this key position is to manage the preparation and analysis of Apple's European Financial Statements. In addition, you will be responsible for establishing the reporting framework and timetable used in consolidating data from our subsidiaries. You will work directly with Finance Teams across Europe to resolve business issues and implement information systems.

To qualify for the above positions, you must have at least 3 years' experience in corporate finance or public accounting combined with a degree in Accounting or Finance plus an MBA (or equivalent). Excellent communication and negotiation skills required. Fluency in English with knowledge of an additional language preferred. Some travel required.

Send your resume indicating referenced position to Mable JENKINS,
Apple Computer Europe, le Wilson 2, Cedex 60, 92058 PARIS LA DEFENSE, FRANCE.
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We invite applications from graduates, aged mid 20s/early 30s, with second degrees – MBAs, PhDs etc., who are likely to have majored in finance/economics and have well developed quantitative skills. Up to 18 months post qualification experience may have been gained within a US financial institution or UK merchant bank where strong analytical and technical skills will have been developed. As part of a closely knit team marketing swaps and derivative products to key corporate clients, your brief will be to use and further develop your quantitative skills during a period of induction and familiarisation so that you can become increasingly active in a marketing role. Essential qualities are the ability to work effectively in a team environment and to have the presence, determination and interpersonal skills to produce profitable results by blending technical skills into a developing marketing activity. Initial salary negotiable £30,000-£45,000 plus significant incentive based bonus, company car and full range *of banking benefits. Applications in strict confidence under reference SD/23575/FT will be forwarded to our client. If there are* companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.

CAREER CHOICE

The Financial Times proposes to publish a Survey on the above on
17th October 1990
For a full editorial synopsis and advertisement details, please contact Penny Robertson
on 071-873 3316
or write to her at:
Number One Southwark Bridge, London SE1 9HL

PUTNAM INTERNATIONAL ADVISORS LTD

Prestigious 50-year old U.S. investment management company with US$42 billion under management seeks an Investment Analyst for its London office. Joining a small, cohesive, closely-knit team, the analyst will have significant influence on global investment decisions for Putnam.

Putnam International Advisors manages $1.0 billion in international equities, has a strong performance record, and is expanding rapidly. The International investment group is an increasingly important division within the overall organisation.

The successful candidate will have two to five years experience in investment research, and must be a university graduate or a chartered aaccountant . Language skills are an asset but not essential. The compensation is highly competitive. This is an excellent opportunity for upward progress in a dynamic, forward-moving company.

Send CV in confidence to:

John Storkerson, Senior Vice President Putnam ,International Advisors Ltd.
Pollen House, 10-12 Cork Street, London W1X 1PD

Putnam

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Applications are invited from qualified Accountants who have direct and significant experience of UK corporate tax including VAT. Experience of life office taxation would be an asset. It is unlikely that someone under 35 will have the necessary experience.

Please send applications to Ian Jolly, Personnel Manager, Colonial Mutual Group, 24 Ludgate Hill, London EC4P 4BD.

INSTITUTIONAL FUND MANAGEMENT

£20,000 — £80,000

Several of our clients, including major banks and investment management houses, continue to seek high calibre Fund Managers and Analysts with at least 2 years experience of the Equity, Fixed Income or Derivative Markets in the UK, US, Europe or the Far East.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence. Contact Rosalind Bixley at 20 Cousin Lane, London, EC4R 3TE. Tel: 071-236 7307. Fax: 071-489 1130.

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CORPORATE BANKING AND TRADE FINANCE

A major international Spanish Bank is seeking an account manager to join its U.K. business development team based in the City.

The position calls for an individual who is able to demonstrate at least 8 years successful experience in a banking environment which has involved him/her in a high level of marketing to medium sized corporates and trading companies preferably both in the United Kingdom and some overseas markets.

The applicant will be required to be a well-trained commercial banker with sound credit assessment skills, a good knowledge of traditional financing merchanisms as well as treasury and forex products.

Ideally, the candidate will be in the 35 to 40 year age bracket and knowledge of Spanish will be an advantage. The position will command salary and allowances of some £35,000 - plus usual fringe benefits.

Write Box A929, Financial Times, One Southwark Bridge, London SE1 9HL

Financial Futures Brokers

Dean Witter Futures Ltd. has a vacancy for a Financial Futures Broker.

The successful candidate will have a minimum of two years broking experience on the London and Chicago markets. A second language would be an advantage.

AFBD MEMBER

If you are interested in the position please send your c.v. with a covering letter to Miss Stephanie Patterson, Dean Witter Futures Limited, 1 Appold Street, 6th Floor, London EC2A 2AA.

DEAN WITTER

JAPANESE WARRANTS

Our client is a fast-expanding Securities firm with a well-established presence in the Capital Markets. In order to strengthen its London team it now seeks a Salesman to develop institutional accounts in London, Continental Europe or the US. Candidates should have at least 2 years' experience of selling Japanese Equities and Warrants and should be able to generate innovative recommendations to complement in-house research.
The salary and benefits package is designed to attract applicants of the highest calibre.

For further details call Anthony Isern on
Tel: 071 • 796 3132
Fax: 071 • 796 4620
JAC Recruitment
3rd Floor • Dauntsey House • Frederick's Place • Old Jewry • London EC2R 8AB

J A C RECRUITMENT

US Government Bond Salesperson

Dean Witter Capital Markets – International Ltd. is seeking a Bond Salesperson as an additional member of its existing team.

Ideally the successful candidate will have a minimum of two years experience working in US Government Bonds and derivatives, and a well-established, existing client base.

TSA MEMBER

We offer a competitive salary together with bonuses and benefits package. If you are interested please send your c.v. together with covering letter to: Miss Stephanie Patterson, Personnel Manager, Dean Witter Capital Markets – International Ltd., 1 Appold Street, 6th Floor, London EC2A 2AA.

DEAN WITTER

APPOINTMENTS ADVERTISING
appears every
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The Position involves provision of advice to multinational corporations and banks on foreign exchange currency exposure. It also requires active involvement in the management of currency funds.

The Ideal Candidate will have a degree in finance or economics with experience in currency markets an advantage. Fluency in both Italian and English is however essential.

Please send full CV and covering letter to:

Mr Donald R. LewisManaging Director
Fintech (UK) Limited, 14 High Street, Windsor, Berkshire SL4 1LD

FOREIGN EXHCHANGE SALES/MARKETING AGENT

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The Position involves the marketing of financial and technical services for a foreign exchange consultancy company. The job would involve the challenge of building upon our rapidly expanding client base and licensing network in Germany, England, United States, France, Canada, Japan and the Middle East.

The Successful Applicant will have the ability to generate new business and act on his/her own initiative. A background in finance or foreign exchange and experience in SELLING are necessary prerequisits. Knowledge of foreign languages would be an advantage.

Please write with covering letter and full CV to:

Mr. Donald R. Lewis
Managing Director, Fintech (U.K.) Limited,
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With a Head Office in the Thames Valley, the organisation has a turnover in excess of £65m and employs over 700 people throughout the UK. As one of the major suppliers of materials handling equipment the Company has established a strong reputation as a leader in its field.

Due to retirement, they now seek to appoint an experienced industrial finance professional. As part of the executive team reporting to the MD, the successful candidate must be able to demonstrate an ability to develop existing management information systems to improve the quality of decisions at all levels for the five operating divisions.

This is an excellent opportunity to develop proven commercial and communication skills within a progressive international group.

Written application with detailed CV may be forwarded in strictest confidence to: John Stewart, Director, Sunryse Business Counsellors Limited, Executive Recruitment Consultants, P.O. Box 556, Maidenhead, Berkshire SL6 8NW.

Tel: (0628) 770543. Fax: (0628) 776494.

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Qualified Accountant

West London

c. £32,500 + Car + Benefits

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Co-ordinating the financial activities of a number of Sales and Distribution outlets, your brief will encompass everything from directing Branch Accountants to installing a suitable accounting environment for a major systems development project in 1991. Since you will be leading by example, your role will involve a limited amount of nationwide travel.

Together with previous exposure within a fast-moving operational environment, you should be able to demonstrate the professional credibility, man-management skills and interpersonal flair to build effective working relationships at all levels.

In return you can expect genuine prospects for career progression, along with a wide range of large company benefits, including non-contributory pension, BUPA and relocation expenses, where appropriate.

Write with full CV and daytime telephone number, to Patrick Donnelly, quoting ref: FT/071.

PD Consultants
MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 071-828 2273.

PLANT CONTROLLER

c £25K + Car + Benefits **Cannock**

Parker Hannifin are a major US based multi-national corporation and a worldwide leader in manufacturing components and systems for industrial motion control. In the UK we employ around 1700 people, and are now seeking to recruit a qualified accountant for our largest Division which produces pneumatic equipment for the European market.
The position holder has primary responsibility for management accounting and analyses for the two UK Division locations, and in conjunction with HQ for all aspects of financial control and reporting. Responsible to the Division Controller, the role is a pro-active one of advising operational management of the profit implications of business strategies and policy, and managing a small financial team.
Applicants should be of graduate calibre in a numerate discipline and preferably CIMA qualified with several years experience in a manufacturing environment. A sound knowledge of standard costing and computerised financial control systems is essential, together with the desire and ability to formulate and influence policy within the business.
Career development opportunities are international and will be limited only by yourself. Salary progression is performance related, and in addition we can offer the benefits you would expect of a progressive company including a generous relocation package where appropriate.
If you are seeking a challenging future in an organisation intent on success in world class manufacturing, and can meet our requirements please send your CV or for an application form contact:-
Ronnie Leslie, UK Fluidpower Group Personnel Manager, Parker Hannifin plc, Schrader Bellows Division, Walkmill Lane, Bridgtown, Cannock, Staffs. WS11 3LR. Tel: (0543) 462644.

Schrader Bellows

Parker Pneumatic

Financial Accountant

c. £30,000+Car
Rural Essex

Europe's largest and most dynamic insurance brokers, Sedgwick is also one of the top 150 listed companies in the UK.

Our world class business is continuing to grow and develop – along with it our high profile Corporate Finance Department in Witham.

Now, on the threshold of an exciting time of expansion and integration for our accounting and systems development functions, we're looking for an incisive professionally qualified accountant to join the team.

Take up the challenge and you will be the team leader in the preparation and consolidation of the Group's worldwide financial accounts.

This will involve liaising with overseas subsidiaries, as well as interfacing to the highest levels at Corporate Head Office.
Multi-currency experience is therefore a pre-requisite. Just as important are an in depth knowledge of UK statutory requirements and the confidence/background to use the latest computer systems.

We'll also be looking for high professional standards, even in the face of pressure and tight deadlines, together with excellent interpersonal and leadership skills.

In return, rewards commensurate with a large company include assistance with relocation to Essex – an attractive area of town and country with good communication to London yet some of the most affordable housing in the South East.

If you are the talented professional we seek, this appointment will provide genuine opportunities for career and personal development.

Take the first step towards these opportunities by sending your cv to Graham Davey, Personnel Manager, Sedgwick Group plc, Grove House, Newland Street, Witham, Essex.

Sedgwick Group

GROUP FINANCE DIRECTOR - (Listed plc)

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ACCOUNTANCY COLUMN

Updating images with marketing campaigns

By David Waller

A PARTNER in Touche Ross remarked recently that DRT International, the international network to which the UK firm Touche belongs, had an image problem: "The name sounds like a Swedish ball-bearing business," he complained.

DRT is not the only user-unfriendly name in the world of accountancy: KPMG Peat Marwick McLintock is something of a mouthful and the cumbrous Coopers & Lybrand Deloitte seems always to be on the verge of dropping the Deloitte bit (the word, not the ex-Deloitte people.)

Price Waterhouse can of course be proud that it has changed its name only twice in a century – first when it dropped "& Co" and a few decades later when it took the traumatic decision to abandon the comma between Price and Waterhouse.

"There are essential factors at play in successful branding," says a brochure produced by the consultancy arm of one of the Big Six. "The first criterion is that a brand should carry an association in the buyer's mind.

"It should translate to a positive intention to purchase, even if the product is at a premium price."

However, accountants are incapable of taking their own advice on this score. If, at the mention of DRT or KPMG, ball-bearings and Scandinavia spring to the mind of a potential buyer of accountancy services, this is unlikely to convert to the purchase of a product at a premium price.

Despite sophisticated skills when it comes to valuing intangible assets for a client, accountants are not experts in the art of corporate identity, allowing such cherished brand names as Spicer & Oppenheim to slip into oblivion at the drop of a merger hat. But are they any better at other aspects of marketing?

The very word "marketing" still raises hackles in some parts of the profession, perhaps because of the association with the vulgar art of selling. There was a time, in the fondly remembered dawn of the profession, when selling smacked of trade and was therefore inconsistent with one's status as a professional.

The first thing a marketing person will tell you today is that marketing is not selling. The second is that it is

'I had to get the message across that I would not treat the profession as though it were baked beans'

not advertising, product development, customer service, public relations or building market share, either. It is, in the succinct words of Peat Marwick's internal marketing guide, a means of "creating the environment in which selling takes place."

Accountants first started to grapple seriously with marketing as a formal discipline in 1984 when restrictions on advertising were lifted. Commercially minded partners had always sought to "create the environment in which selling takes place" before 1984, but this event concentrated the minds wonderfully. Suddenly the Big Eight, as they were then, found themselves spending vast sums on advertising. They also employed expensive marketing executives.

There were tensions between the accountants and these new, non-fee-earning and overhead-consuming recruits. They were irresolvable, and the marketing executives left.

Sue Palmer, head of marketing and one of the four-person national executive at Grant Thornton – and as such perhaps the most senior non-accountant woman in the profession – is well qualified to comment on the firms' early encounters with marketing.

"Some of the first generation of marketing executives were very good indeed," she says. "But the problem was that they were going into a culture which was so very different from any marketing environment they had ever worked in.

"By and large they came from fast-moving consumer goods environments where marketing drove the business; where what they had to say was well-regarded and credible. They didn't have to establish their reason for being there. They also came from companies where there was much more of a hierarchy – not a flat partnership structure."

Sue Palmer was part of the second generation of marketing executives, taken on by Grant Thornton in the summer of 1988.

As a former investment controller at Investors in Industry (3i), she knew a balance sheet from a profit and loss account, and as former head of marketing at Charterhouse she was an expert in marketing in a financial services environment – but there were cultural problems nonetheless.

"Twenty per cent of the partners were predisposed to be positive, and another 20 per cent were highly sceptical," she says. "The rest sat on the fence."

There then followed visits to 20 out of 47 offices and to half of the firm's 250 partners. "I had to spell out that marketing was not about putting the Grant Thornton name on carrier bags. I tried to show that I was sensitive to

As conditions have deteriorated in middle-tier firms, marketing budgets have been chopped

the relationship between the individual partner and his clients. I had to get the message across that I had no intention of treating the profession as though it were baked beans.

" 'Young lady,' said a partner in a far-flung office to which I had flown, 'do you realise that I have to earn £10,000 in fees to justify your coming here by air.' Yes, the job required a degree of personal courage."

After a nine-month review, Sue Palmer presented her findings to the partnership as a whole. She was pleased with the way her ideas got through to the partners but she said that "attitudes are still changing."

There was, for example, considerable resentment in the firm when her department drafted a "mail-shot" to potential small-company clients in the wake of the mega-mergers last year.

In general, marketing has not taken root so effectively in the middle-tier firms as in the Big Six. Richard Chaplin, a former senior manager at Peat Marwick and now a consultant, says that as conditions have deteriorated in this sector, marketing budgets have been chopped.

In 1986, the Big Six firms spent just £2.3m on advertising, which compares with the £25m spent by National Westminster Bank alone. The advertising spend is falling, a reflection of the growing sophistication of the larger firms.

Marketing is directed with clinical accuracy towards well-defined targets, using the full range of implementation and performance-measurement techniques.

One of the more subtle marketing devices is to play music to telephone callers when putting them on hold.

By this writer's reckoning, Price Waterhouse and Coopers & Lybrand Deloitte have more in common than any of the other firms.

The caller to either is always treated to some exquisite passage from Mozart, Bach, Beethoven or some other "great." Thus these two are indelibly branded as classical firms.

ACCOUNTANCY APPOINTMENTS

PRECISION

CHIEF ACCOUNTANT

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This key position provides an outstanding opportunity in a challenging role with a rapidly expanding company.

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Applicants are considered on the basis of their suitability for the post irrespective of disability, ethnic origin, sex or marital status.

All information will be treated in the strictest confidence and initial interviews will be held in Newcastle and Manchester.

Please send career and personal details including current remuneration figures quoting reference F/578/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

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SEARCH AND SELECTION

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A clear pre-requisite is the "technical" management of the finance function - budgets and forward planning, treasury management, company taxation, international tax planning, and the development of management accounts, but the emphasis is very much on contributing to the commercial success of the business through full participation in the UK Senior Management team.

Certainly not a job for a lightweight - but a high-profile challenge for a qualified accountant of graduate calibre who has several years experience in a manufacturing business and has developed the necessary maturity, confidence, credibility and man-management skills to take on senior responsibility.

The package comprises a salary negotiable from £30K, fully expensed executive car and other generous benefits, including relocation assistance where appropriate to this expanding commercial centre.

Please write with full career and personal details to: Kate Sargent, Personnel Manager, Gandalf Digital Communications Ltd, 19 Kingsland Grange, Warrington, Cheshire WA1 4RW.

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FINANCE DIRECTOR

Outstanding opportunity in the Leisure Industry

Mid-Kent **c£55,000 + car + equity**

This is an excellent opportunity to be part of the high calibre management team, of a small and enterprising company in the Leisure sector. Backed by a major venture capital fund, renowned for its commitment to its investments and for backing only proven management teams, the company is ideally placed to take advantage of the growth potential in this market.

The role will entail taking full responsibility for the finance and administrative functions. This will include financial and management reporting, systems development, liaison with financial institutions and considerable involvement in acquisition appraisal and strategic decision making.

The successful candidate will be a qualified Accountant with commercial experience and aged between 35 and 40. Additionally the individual should be highly motivated, outgoing, an entrepreneur and with the ambition and tenacity to succeed in a highly competitive sector.

The package will include a salary of up to £55,000, a quality car and the opportunity to purchase equity or accumulate options. A contribution towards relocation will be made if appropriate.

For further information in strict confidence, please contact Raj Munde ACA on 071 240 1040 to arrange an initial meeting. Alternatively, please forward your resumé to our London office quoting Reference No 9/851, Morgan and Banks Search and Selection Plc, 114 St Martins Lane, London WC2N 4AZ. Fax: 071 240 1052.

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Some key areas of this post will include: financial strategy; organisation and evaluation of business plans; liaison with in-house and external professionals; financial projections in relation to acquisitions, disposals and developments worldwide.

Successful candidates are likely to be approximately 40 years of age and will have a full accounting qualification. They will have operated in an internationally-oriented business. A high degree of technical expertise is essential, as is a commercial awareness and outlook gained through involvement at operational as well as group or divisional level.

Knowledge of property related business is a valuable asset, but experience of the hotel industry is not prerequisite.

The post will be based at Hilton International's corporate offices in Watford.

There will be a degree of overseas travel.

Applicants should write, enclosing full CV, stating current or latest salary to:

Mavis Elliott-Smith, Human Resources Executive, Ladbroke Group PLC, HRD Centre, 10th Floor, Hilton National Hotel, Empire Way, Wembley, Middlesex, HA9 8DS.

A Ladbroke Group Company

Portfolio

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City
from £40,000+car+bens

- International Bank
- ACA
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A small but rapidly expanding Corporate Finance Department of an International Bank is seeking a young Corporate Finance Manager with several years M & A experience within a Financial Services Group or Corporate Finance Department within Public Practice. The emphasis will be on cross border work—UK/Europe. Language ability, especially German, would be welcomed.

Please send a copy of your CV to George Ormrod, quoting Ref. FT6990/A.

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- Renowned Group

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Financial Analyst

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This client is a large, fast moving *International Leisure business whose rapid* expansion includes a significant international acquisition programme in addition to strong organic growth. In world *rankings it is one of the market* leaders.

The position is a high profile role reporting to Board level and working with a substantial number of overseas managements in Europe and North America. The range of duties is varied and largely non-routine, embracing an *important modelling* requirement; planning, budgeting and performance analysis; competitive analysis, pricing, service and investment strategy; *acquisitions*, joint venture and divestment review; capital appraisal; development of systems and occasional *support* for line financial management. *You should* then be ready for a further promotion in about 18 months time.

The role requires a Chartered Accountant who is a lively self starter who *works well with a minimum* of supervision. Two years progressive post qualification experience is required gained either in industry/commerce or a special role in *the profession*. Computer literacy, modelling skills, an aptitude for financial analysis and an international outlook are key requirements. International *travel* will *average* two trips per month. Base location – Central London. Age guideline – latter 20's.

Please apply in confidence quoting Ref L458 to:–

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Mason & Nurse Associates
1 Lancaster Place, Srand
London WC2E 7EB
Tel: 071-240 7805

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Selection & Search

ACCOUNTANT

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Group Financial Controller

West Midlands — c£35,000 + Car + Benefits

Our client is a successful plc heading a group of *engineering companies, with an enviable record of* growth in both profits and earnings per share.

As part of their ongoing commitment to profitable growth, they now require a Group Financial Controller to head a small Head Office team and to work closely with the subsidiaries in developing and controlling the flow of financial and commercial information to the main Board. *Duties will include the key areas of consolidation* and Board presentation, performance appraisal, budget preparation and monitoring, treasury and cash management and the undertaking of various ad-hoc projects.

Applicants should be qualified accountants, aged at least 35. The ideal background will include plc exposure within an engineering environment and involvement in acquisitions and *disposals*.

Strong interpersonal skills are paramount, as this pro-active role will involve enlisting the co-operation of management and staff at all levels. A sound knowledge of micro computers and computer systems, with special reference to the development and application of management information systems, is a pre-requisite.

If you feel you have the appropriate skills and experience to enhance the group's development, write enclosing a current curriculum vitae to **Oliver Howl BSc ACA** at **Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST** quoting Reference **OH 112.**

MP
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Commercially minded young Finance Director sought to restructure financial operations of this £60m revenue *Authority*. Dynamic Authority with vigorous management in a period of great change. Optimising effectiveness of department, supervising contractual negotiations and interfacing with other Authorities. Part of new management team in close knit, collegiate and stimulating environment. Will suit a very bright, ambitious finance professional seeking early responsibility.

THE ROLE

- Reporting to General Manager as part of small focused management team. Responsible for the full spectrum of financial management.
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QUALIFICATIONS

- ACA/FCA with 10 years post-qualification experience in industry. MBA or exposure to broad business issues valuable.
- Currently a senior financial manager with an operating subsidiary. Experience of the management of change beneficial. *System skills important.*
- An innovator with a talent for influencing people. Both authoritative and sensitive. *Must relish autonomy and* taking a practical lead.

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ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.

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Male or female candidates should submit in confidence a comprehensive c.v. or *telephone for a Personal History* Form to, *J.H. Wright*, **Hoggett Bowers plc**, *61-69 Newmarket Road*, **CAMBRIDGE**, *CB5 8EG*, **0223-324441, Fax: 0223-323250**, *quoting Ref: F11161/FT.*

Hoggett Bowers

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In order to strengthen their financial control and reporting, they now require a UK Controller who will report directly to the UK Managing Director. The *position* will have total responsibility for all aspects of finance and information systems, within corporate guidelines. The role will involve detailed management reporting, international cash management, legal and regulatory control and statutory accounting. There will be *approximately 100 staff reporting to the position, and so* highly developed man-management skills are vital.

Not only will the individual have to meet the stringent reporting requirements of the US parent, but will have to provide legal entity reporting for the UK board.

It is essential that you are a dynamic and effective qualified accountant who can demonstrate outstanding skills in people management and the financial control of a large organisation. A mature but highly pragmatic personality is vital.

Whilst age and industry experience are not important, a *knowledge of the financial aspects of international* customs clearance and transportation systems would be an advantage.

Should you feel that you can handle this challenge, please send a comprehensive CV quoting salary history and daytime telephone number quoting reference 3161 to Bruce McKay, Executive Selection Division, 5th Floor, 52-54 High Holborn, London WC1V 6RL. Telephone: 071-353-7361.

Touche Ross
MANAGEMENT CONSULTANTS

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Our client is a well-established and profitable manufacturing company with a history of steady growth. Turnover is presently around £12 million and employees number 300. Further expansion plans have created the need for an experienced financial manager who can help to take *the company through the next stage of its growth.*

The Finance Director will assume responsibility for the accounting, computer and company secretarial functions. The appointee will be expected to take the lead in the budgeting process, assisting departmental managers to develop, *monitor and control their budgets. Management* and statutory reporting and the development of costing *systems will be other important aspects* of the role.

Candidates for this position will be qualified accountants who have gained financial management experience in a manufacturing environment. Experience of developing systems and procedures, in particular such as budgets and costing will be necessary. *Superior* management and communication skills, a hands-on approach and the ability to contribute effectively at a senior management level are essential.

Please send career and personal details, quoting *reference* FB270, *to Frances A Bell, Ernst* & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

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SEARCH AND SELECTION

Group Financial Controller

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A first class opportunity has arisen for a commercially-minded individual to play a broadly based role as part of the small *Group Finance team. As well as the normal planning and* reporting responsibilities this 'hands on' position will extend to ad hoc project work including evaluation of acquisitions, maintenance of the Group computer systems and all taxation matters.

The successful candidate will be a qualified accountant, probably aged 32-42, who is computer literate, *highly energetic* and has good interpersonal skills.

In addition to the basic salary the competitive package will include a profit related bonus scheme, *fully* expensed car and other attractive benefits.

Interested applicants should write enclosing CV and daytime telephone number quoting Ref 457 to:
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43 Welbeck Street, London W1M 7PG.
Tel: 071 637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Business Analysts

Determine the Future of FMCG brands, Europe-Wide

Surrey - M25 Corridor *to £27,000*

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A *number* of outstanding opportunities now exist for commercially aware newly/recently qualified accountants and MBA's. You will be an important member of a small team of specialist personnel responsible for ensuring the success of a *number of brands marketed* throughout Europe. As part of a strategic team, you will be responsible for ensuring the future success of the products. You will be addressing areas such as new product launches, business strategy, pricing, advertising, cost and competitor analysis.

They seek professionally qualified ACA's, ACCA's, ACMA's and MBA's, aged under 27, who can demonstrate an excellent record of personal achievement to date. Drive, creativity and ambition are all qualities which will enable you to capitalise on the career opportunities available throughout the Group - high achievers can expect fast promotion. Professional and personal flexibility are also essential, since to broaden your experience, you will be required to move into other divisions within the Group.

Interested applicants should please write to, or telephone, KATHRYN CAMPBELL at Alderwick Peachell and Partners, Accountancy & Financial Recruitment, 125 High Holborn, London WC1V 6QA. Tel 071-404 3155. Fax 071-404 0140.

Alderwick and Peachell PARTNERS LTD

CARDIFF c.£60,000

Financial Director

Financial Services Business

A recent review of our client's operations has led to an agreed action plan. The task is to set up and resource new financial and management accounting departments, with attendant systems development. The Finance Director will play a key role in management, and in the development of business strategy.

The need is for a mature qualified accountant, probably chartered, with a proven ability to control the financial affairs of a business with an income exceeding £50 million. Liaison with professional advisers and the City will be important.

Compensation for an initial one year contract will be negotiable around £60,000, and will comprise a high basic salary and a realistically achievable bonus.

Please reply in strict confidence to Barry Underwood, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 76 Shoe Lane, London EC4A 3JB, with details of age, career and salary progression, education and qualifications, and quoting reference 5411/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

MIDLANDS c.£55,000+CAR

Finance Director

Growth plans are well in hand for this restructured but well *established £100 million income financial services* company. It has recently placed increased emphasis on marketing and customer services in particular which has resulted in greater success in a range of market niches.

In order to progress to the next phase in the development of the business, a *Finance Director* of high calibre is needed to work closely with the Chief Executive in order to tightly control the expansion, to provide comprehensive margin analysis and to provide the commercial input which will ensure that the forecast business goals are achieved and developed along sound business lines.

You will be a qualified graduate accountant of around 40 years of age with a progressive history in the financial services sector and within substantial blue chip organisations. You will possess excellent communication *and analytical skills and be able to demonstrate the* ability to employ innovative commercial techniques. Your financial skills will be taken as read.

The position offers great opportunity and scope and further development within the organisation will be available for the right candidate.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 43 Temple Row, Birmingham, B2 5JT, quoting reference JE185.

Coopers & Lybrand Deloitte | Executive Resourcing

Finance Manager

Derbyshire c.£28,000 + full benefits

Our client, part of a major world-wide U.S. based corporation, is in the chemicals industry and has a U.K. turnover in excess of £15m.

At a time of considerable change coupled with the prospect of rapid growth the company seeks to recruit a commercially-minded Finance Manager who can make a major contribution operationally and strategically to future success.

Reporting to the MD, and with reporting lines to Europe and the U.S., the appointee will be involved in all aspects of financial management and administration from preparation through interpretation to action and must be capable of serving U.K. company interests whilst taking account of the implications for the corporation world-wide.

Candidates, will be qualified Accountants familiar with *all aspects of financial management and must have sound* experience of a range of information support systems.

Personal qualities must include assertiveness, decisiveness, adaptability and a high degree of self motivation supported by initiative, energy and commitment.

To apply for this challenging role please send full personal and career details including current remuneration, quoting reference F/440/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

Ernst & Young

SEARCH AND SELECTION

Appointments Advertising
appears every
Friday
in the
International Edition

Wednesday, Thursday
(in the UK Edition)

For further information in North America please call:

JoAnn Gredell
on
212 752 4500

or write to her at
14 East 60th Street
New York, NY 10022

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

DIVISIONAL ACCOUNTANT

KNITWEAR DIVISION

c.£25k + 2 litre Car + Benefits ***Alfreton - Derbyshire***

We are part of the Remploy group, a major UK employer boasting a turnover in excess of £100m, with many market leaders. Already a major player in the export field and actively seeking to increase our market share and profitability, we are looking for a Qualified Accountant, who reflects our progressive attitude, to help our business grow.

Your track record in MANUFACTURING must include ACTIVE PARTICIPATION IN THE DEVELOPMENT OF THE BUSINESS as well as using main frame and micro-computer systems to elicit management information.

You will have excellent interpersonal skills and be able to exhibit the type of team involvement we must have to continue to grow successfully.

Reporting to the Divisional Manager, you will be responsible for the management of the Central Accounting function for 10 factories (Scotland and Midlands).

We offer career development and a rare challenge to the right applicant. Additional benefits include private health plan and company pension.

Please write with current C.V. to:-

Area Personnel Manager, Remploy Limited,
Bramall Lane, Sheffield S2 4RA.

Remploy

We are an equal opportunities employer

Assistant Financial Controller

Management Information Systems
Prestigious Financial Corporation

up to $40K tax free plus benefits

Our client, a highly successful investment institution based in one of the most pleasant areas of the Gulf, is looking for a dynamic Assistant Financial Controller to join them.

You will review management information, play a major role in the development of computer based valuation and pricing systems and assist in the design of performance valuation models.

You must therefore be able to demonstrate a considerable experience of financial instruments/investments analysis including Equities, Bonds, Real Estate, Commoditities, Options, Forward Contracts and Futures.

You should be a Graduate with a recognized accountancy qualification, preferably MBA/CFA, and possess the kind of interpersonal and communication skills needed to make a significant impact on the business.

Exposure to information technology based *financial modelling* techniques would prove most useful.

Along with the excellent tax free salary there is a substantial package of benefits of the kind you would expect from this highly reputable organisation.

Please write - in confidence - with full career details to John Strang, Ref: 1253/6, MSL International (UK) Limited, 32 Aybrook Street, London W1M 3JL.

MSL International

INTERNAL AUDITOR

Operational audit of £multi-million investments
c.£25K package + car

3i is Britain's biggest venture capital company, investing in businesses of all sizes, in most sectors of industry, both within the UK and internationally, helping them to change and grow.

As one of the country's biggest backers of business, we naturally adopt the most progressive and professional practices—particularly when it comes to monitoring our investment operations.

Joining our Internal Audit team, you will cover some of our 24 offices in the UK and our expanding international network. *Principally, you will conduct operational audits* to ensure that our investments are properly monitored and systems comply with required standards and statutory regulations. Some travel will, of course, be involved.

The need is for a qualified Accountant with around two years' experience, ideally including auditing and some supervisory responsibility. A working knowledge of French or German would be a strong advantage.

Salary will be competitive and the benefits package includes company car, relocation assistance and concessionary mortgage.

There will also be opportunities to broaden your experience into other fields.

If you are ambitious and have exceptional skills, develop your career with a leader in venture capital.
Please send your c.v. to:
Paula Bates, Personnel Manager,
3i plc, 31 Homer Road, Solihull,
West Midlands B91 3QA.

3i MAKE IT YOUR BUSINESS TO CHANGE

INVESTORS IN INDUSTRY

European Finance Manager

c.£50K

Applied Biosystems is the leading supplier of systems and tools for biotechnology research and related applications.

This senior position based at our Manufacturing Operation near Manchester, provides an excellent opportunity to influence the direction and growth of the European subsidiaries of our parent company, headquartered in California.

Key responsibilities involve people, systems and policy development, tax-planning and compliance, audit and legal control, management of MIS services throughout Europe and working with our Finance Managers in five major European countries.

Successful applicants will have a minimum of ten years' financial experience in international companies operating in rapidly changing, technology driven markets. A proven track-record in people management, good understanding of U.S. accounting practices and experience of computer-based information systems are also required. The applicant should have a good working knowledge of English and a second European language.

A comprehensive benefits package is offered. Relocation to the Manchester area in the U.K. will be available.

Applicants should apply in writing, enclosing a c.v. to Anne Balcerak, European Human Resources Manager, Applied Biosystems Ltd, 7 Kingsland Grange, Woolston, Warrington, Cheshire, WA1 4SR, U.K.
Applied Biosystems is an Equal Opportunities employer.

Applied Biosystems

FINANCE MANAGER

An influential role for a commercially-aware accountant

Berkshire
to £35,000 + car

In 1989, sales and earnings reached record levels for this $2bn–turnover US multinational. Involved in the manufacture, marketing and distribution of a wide range of high-quality household-name products, the company is committed to being number one in all of its markets. Europe has long been a focus of attention, and the company is well on the way to achieving its strategic goals, both by internal growth and through a series of major acquisitions.

The European headquarters of the major branded goods division is now seeking a Finance Manager to play a vital role in the run up to 1992. Reporting to the Finance Director, your responsibilities will essentially be of a project nature, with the targeting, review and integration of acquisitions being a major part of the job. In a consultative role spanning divisional activities across Europe, other projects will be many and varied, with some European travel envisaged. Additional responsibilities will include the preparation of financial commentaries, supervision of monthly reporting and management of the European treasury function.

The emphasis of this challenging position is on building relationships with colleagues across a range of disciplines and geographic areas. There is considerable scope for personal initiative and creativity in this forward-thinking organisation.

Ideally, you will be a graduate qualified accountant, aged 28-34, with a track record of achievement in a marketing-oriented international business. More important, however, will be your ability to set the agenda and make things happen, on a Europe-wide basis. A knowledge of French would be useful but is not essential.

The attractive salary is accompanied by an excellent range of benefits, including executive car, stock option scheme, non-contributory pension, health insurance and free parking. Career prospects are outstanding, both in the UK and abroad.

To apply, please send full cv, to Patrick Johnson, **Ref: 4532/PJ/FT, PA Consulting Group**, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

GROUP FINANCIAL CONTROLLER

West Midlands — c.£30,000 + Car + Benefits

Our Client, part of a major industrial PLC, is a well established market leader specialising in the interior contract and furnishing services industry. As an autonomous, profit-orientated Group, with a turnover of over £100 million achieved through its operating companies, the Group is in a strong position for further expansion. It is against this positive background that they wish to appoint a Group Financial Controller to assume full responsibility for the financial management of their head office accounting function.

This important role will entail managing an accounting team and embrace a wide range of 'hands-on' responsibilities, including consolidation, company management accounts, statutory accounts and parent company requirements. Whilst the position reports to the Group Finance Director, an ability to operate independently is essential, as is the aptitude to interpret and comment upon financial data.

The successful candidate will be a qualified Chartered Accountant, ideally in the early to mid-30's age range, who can demonstrate previous experience in a similar role and who has the ability to progress further within the Group. This position also requires sound man-management and interpersonal skills, as well as commercial acumen.

For a position of this nature, the Group offers a salary package designed to reflect experience and ability. There exists strong prospects for personal development with the Group.

Applications should be submitted in writing, enclosing full career and salary details and quoting reference B/309/90, to David Gibbs.

KPMG Peat Marwick Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

GROUP SYSTEMS MANAGER

C. LONDON

TO £38,000 + CAR + BENEFITS

Through a combination of strong organic growth and strategic acquisition, this UK plc listed on the International Stock Exchange has emerged as one of the world's premier transportation specialists.

The last five years have witnessed a seven-fold increase in turnover, combined with a rise in pre-tax profits of 1400% to £33 million.

This key appointment based at head office will report to the Group Financial Controller. The successful candidate will assume responsibility for the continuing development and refinement of existing financial software applications including management and statutory reporting, financial forecasting and budgeting. The position will also involve extensive liaison at senior levels, playing a major role in the development and implementation of new systems.

Prospects are excellent both in the short and long term. Candidates will probably be qualified accountants with several years broad systems development experience. The ability to work effectively in a fast moving environment and to assume a proactive approach is a pre-requisite. Other essential attributes will include a sound understanding of current PC and mainframe developments, as well as practical experience of local area networks and data communications.

*Interested candidates should contact **Gary Hall** or **Gary Johnson** on **071-629 4463** (day) or **0322 93259** (eves) or write enclosing a detailed curriculum vitae to the address below quoting GH527.*

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463

FINANCIAL PLANNING MANAGER

Commercial Role: Major FMCG Company

To £35,000 + Car + Benefits

W. London

Our Client is one of the world's leading food companies, a household name, producing a wide range of branded and 'own label' products across 4 major market sectors. With an enviable reputation for quality, they have a history of growth through acquisition and are now concentrating on improving earnings from their current base.

Corporate Headquarters based in West London is responsible for directing, controlling and monitoring business performance of their 4 operating divisions, with the finance function playing a principal role in this process.

Reporting to the Group Financial Controller, responsibilities will include tracking of business performance across divisions, special projects and capital expenditure control. In addition, the preparation of strategic plans and annual budgets are key tasks to support both current and future commercial decision making.

Candidates, aged 26-32, will be qualified Accountants with circa 2 years' PQE and a proven track record to date. Personal attributes will include self-confidence, commitment and the desire to succeed in a performance-driven environment.

Please apply directly to Graham Guess at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Tel: 0753 857777, evenings 081-549 3686. Alternatively, fax your details on 0753 841676.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol
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ROBERT HALF
WINDSOR

WEST COUNTRY — **PACKAGE c.£55,000**

Group Finance Director

This medium sized Group has formulated a challenging new business strategy to diversify its property development activities. Initial financing is in place and plans for major expansion over the next five years are now being driven forward.

A commercially astute Finance Director is required to join the Main Board, with total responsibility for the Group's finance and administration functions, including information technology, and its relationships with bankers and investors. You will be fully involved in evaluating business opportunities and negotiating funding arrangements, particularly on the commercial development side of the business.

You must be a qualified accountant who has gained a good breadth of financial management experience and is accustomed to dealing with lenders and advisors at senior levels. Essential qualities include sound business judgement, a tough personality and a keen sense of humour.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Janice Walden, *Coopers & Lybrand Deloitte Executive Resourcing Ltd,* Bull Wharf, Redcliff Street, Bristol BS99 7TR, *quoting reference JW 412.*

Coopers & Lybrand Deloitte — Executive Resourcing

Finance & Administration Manager

Herts — c.£35,000 + car

Our client is a young, US-owned pharmaceutical company, developing medicines for treating cancer patients. Clinical trials are being conducted worldwide and the growth of the company has now determined the need for a European financial & administrative structure to support the increasing research and development activities.

The Finance & Administration Manager will be a senior member of the European organisation and will take full responsibility for implementing systems, policies and procedures for all areas including accounting, management and statutory reporting, personnel and payroll. This will initially be a stand-alone role but will assume staff management responsibilities as the company grows.

To be considered for this position, you are a qualified accountant with experience of developing and implementing systems and procedures. You are a self-starter, keen to develop your own department from scratch. You enjoy working in a small team, you have good management and communications skills and the ability to deal effectively with external agents such as auditors, banks, licensing bodies and clinical investigators.

If you are prepared to invest your time and skill for a rewarding future, we would like to hear from you.

Please send career and personal details quoting Reference FB268, to Frances A Bell at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

SEARCH AND SELECTION

Ernst & Young

FINANCIAL CONTROLLER

West Yorks — ***c.£30,000, Car + Benefits Package***

This is an excellent opportunity for a young, commercially minded Accountant to join a successful and rapidly expanding retailing and distribution business which forms a key part of a substantial and high profile Group. The business has enjoyed considerable success in recent years and is recognised as a market leader in its sphere of operation. Current turnover is in excess of £80m and there are ambitious plans for future growth and expansion.

As Financial Controller you will report to the Financial Director, however the demands of the role require high visibility and constant exposure to senior management both at Company and Group level. You will be responsible for provision of prompt and pertinent information focusing on the analysis and evaluation of areas which call for immediate attention, at which time you will be expected to be pro-active in initiating action and change. Initially emphasis will be placed on the review and development of management information systems and controls.

To be considered for this key appointment you will be a qualified Accountant (preferably Chartered) of graduate calibre and aged 27-33. You must be able to demonstrate a successful track record in your career to date ideally with experience within retailing, distribution or service industry sector. A strong personal presence, excellent communication skills and a high degree of commercial awareness will be vital qualities for success in this demanding role. The challenge is considerable and the rewards in terms of job satisfaction and future progression are outstanding.

Interested candidates should forward a full curriculum vitae including details of present salary and a daytime telephone number to: **Mary Byrne at Stark Brooks Associates, 47 Upper Basinghall Street, Leeds LS1 5HR. Telephone 0532 429898.**

STARK BROOKS ASSOCIATES
Accountancy Recruitment Consultants

MANCHESTER ◆ LEEDS

Career Challenge for Young Financial Analyst

MANAGER – CAPITAL PLANNING & ANALYSIS

As a major UK player with an established and growing European presence, our client, a household name plc, has an unrivalled record of profitable growth and successful integrated product development which has placed it firmly at the forefront of its highly competitive sector.

Following an internal promotion, the opportunity now exists at the Group's London Head Office for a young highly motivated individual to take up the position of Manager, Capital Planning & Analysis. This demanding role enjoys an exceptionally high profile within the organisation crossing all of the group's divisions and operations and offering day-to-day exposure to the *most senior (up to Board Director)* levels of management.

Key responsibilities will include:

- evaluating capital expenditure, plans, acquisitions, major business initiatives.
- developing financial appraisal techniques and evaluation systems for major projects.
- determining optimum project financing.
- providing regular financial analysis and accounting advice to various group functions.

As a graduate, qualified accountant keen to apply and develop your proven analytical skills and bring a sharp, enthusiastic approach to bear within a fast-moving, forward-thinking organisation this is a unique opportunity to impress and impact at the highest level *within a market-leader where performance* is the only limiting factor to advancement.

Individuals interested in discussing this opportunity further should contact Hugh Greenwood on 071-491 3431 or alternatively write to him at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and a note of current salary.

Central London

Age: mid to late 20s

To £30,000 pa + Bonus + Substantial Benefits + Car

FMS
FINANCIAL MANAGEMENT SEARCH AND SELECTION GROUP

A Business Park
An Hotel
A Shopping Centre
What's the link?

As the property development and investment subsidiary of Eurotunnel, Eurotunnel Developments is presently engaged in a number of schemes in the South East of England which include a business centre, an hotel and a shopping centre...

But not a tunnel.

Although a wholly owned subsidiary of the Anglo-French group created to finance and operate the fixed link, we are very much a company with an identity of our own. In the year to 1989, we established ourselves as a profitable, growing and successful business; one which now seeks the considerable expertise and experience of a:

Chief Accountant

Reporting to the Director and General Manager you will work in a small, dedicated team. Your prime responsibility will be to establish an effective and professional finance function to meet the company's financial objectives. This will involve establishing and maintaining accounting records and management information systems as well as monitoring and controlling the company's cash flow. You will report also on investments and property development proposals. An early priority will be to implement a computerised financial and management accounting system. Some foreign travel will be involved.

Probably earning in the region of £27,500 you are a qualified Chartered or Certified Accountant. Strong minded and able to demonstrate a high level of personal credibility, you possess excellent communication skills and the ability to work under pressure. Experience of all aspects of financial management and control within an existing property company is desirable.

A working knowledge of French would be advantageous for this position. Benefits include company car, pension scheme, BUPA and life assurance. Salary is, of course, highly competitive. The appointment will be based in Ashford, Kent. Relocation costs will be provided where appropriate.

For more information please write with a full CV to David Wilson, FICS, FCT, Director and General Manager, Eurotunnel Developments Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0ST.

EURO TUNNEL

ROBERT HALF
Financial Recruitment Specialists

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A BUSINESS BREAKFAST

EASTERN EUROPE: The Business Opportunity

AT THE SAVOY HOTEL, STRAND, LONDON WC2
ON WEDNESDAY 3rd OCTOBER
8.30am-9.30am

The talk will be given by John Mitchell, Regional Executive of ICI East Europe, and will cover:

- The Eastern European economies in perspective.
- Their relative development prospects.
- The major forces for development.
- The relevance and competitiveness of current economic activity – the example of the Chemical Industry.
- Major areas of opportunity for Western companies.
- A way forward for an international Western company in Eastern Europe.

John Mitchell is Regional Executive of ICI East Europe based at the Company's H.O. in London. He studied at Oxford University where he gained an MA in Geography. He began his career at ICI in Billingham, and following a two year posting to ICI Turkey as Assistant General Manager, he moved to ICI Agrochemicals. He has more than 20 years' experience of trade with East Europe, mainly with ICI Agrochemicals where latterly he was International Marketing Director. Currently he is the UK Chairman of the UK/USSR Working Group on Agriculture, Food Processing and Packaging.

(Places at the breakfast are strictly limited.)

If you wish to attend, please contact Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545.

DIRECTOR OF FINANCE

ARCHITECTURAL BUILDING PRODUCTS

WEST MIDLANDS **c£40k + car**

This market leader with Sales approaching £15m designs and manufactures a wide range of building products directed at architects and specifiers. Considerable investment is planned in manufacturing facilities and in product development to complement the company's planned growth in the next five years.

Reporting to the Managing Director, you will be a key member of the company's executive team. An early task will be to review thoroughly the company's reporting procedures and systems and recommend how these should be up-graded to meet the challenge.

Aged 28–45, your academic record will include formal accounting qualifications and your business experience will have advanced you into senior financial management in a manufacturing company.

The remuneration package for this key appointment will consist of salary and bonus to c£40k, along with an executive car, health insurance, help with relocation and other benefits. Opportunities will arise for career development.

Please write in complete confidence with full personal details to Lance Wilder/Lesley Glen as advisors to the company at:

Deven Anderson
International Search Consultants
Berwick House, 35 Livery Street, Birmingham B3 2BP. Tel: 021 233 3320.

NORTH WEST

c.£38,000 PACKAGE PLUS EXECUTIVE CAR

Finance Manager

A brand leader in its field, this £65m turnover manufacturer of food products has embarked on a significant expansion plan to further capitalise on the demand for its products some 30% of which are overseas sales.

The Finance Manager will report directly to the new Managing Director and will initially need to concentrate on cost infrastructures, systems development to meet needs of the business more appropriately and, most importantly, to fully involve himself/herself in the commercial decision making process of the business.

You are probably in your thirties, a graduate qualified accountant with experience of development of management information systems within a blue chip environment. You will be used to making a significant contribution to the management of a large business and should be familiar with financial modelling techniques. Acquisition experience would be useful. As an individual you will be an excellent communicator and team motivator and will need to have the courage of your convictions.

The business belongs to a large progressive group, operates in an autonomous fashion and is looking forward to significant development.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd., Abacus Court, 6 Minshull Street, Manchester, M1 3ED quoting reference P198.

Coopers & Lybrand Deloitte
Executive Resourcing

Common Fund for Commodities, seeks candidates to fill the post of:

ACCOUNTANT

at P4 Level

Under the supervision of the Chief Finance Officer, this officer will be responsible for:

- implementation, maintenance and supervision of the accounting of the Fund's resources;
- the provision of financial reports, statements, analyses and forecasts needed by the Fund;
- the custody and conservation of accounting documents and reports;
- the liaison with the external auditors in the audit of the financial statements;
- the preparation and control of the Fund's annual budget;
- the approval of payments for administrative expenses and operational costs;
- the computation of the monthly payroll;
- other related duties as required.

Qualifications/experience: CA, CPA or equivalent; 5 to 8 years experience in the field of accounting of which at least 3 years are at the management level; good knowledge of computerized accounting system, international accounting standards, and microcomputers. Fluency in English. Knowledge of Arabic, Chinese, French, Russian or Spanish an asset.

Qualified women are encouraged to apply.

Deadline for Application: 24 September 1990
Likely Assumption Date: As from 1 November 1990

The Common Fund for Commodities as an international financial institution offers competitive international salaries, benefits and allowances, comparable to the United Nations Salary scales. Initial contract for two years.

All applications in English accompanied by detailed curriculum vitae including date of birth and nationality to:

Managing Director, Common Fund for Commodities, Atrium, Strawinskylaan 3097, 1077 ZX Amsterdam, The Netherlands. Fax Number: (020) 441205.

Due to expected volume of applications to be received, only finalists will be contacted for interviews.

LADBROKE GROUP PLC

Treasury Accountant

N.W. London **Negotiable salary + excellent benefits**

The Ladbroke Group is a major international group with four main businesses: Hilton International Hotels, Ladbroke Racing, Texas Homecare and property. The group has a turnover in excess of £3bn and is established as one of the top 40 companies in the U.K. and one of the top 100 in Europe.

As a result of continued expansion and internal promotion, an opportunity has arisen in the Group Treasury Department for a Treasury Accountant.

Responsibilities include the preparation of the accounts and budgets for the group's main finance company; development of the existing accounting software and assistance with the preparation of cash flow forecasts for the group. In addition, applicants will be expected to supervise the maintenance of several treasury databases. The successful candidate, therefore, will be a qualified accountant, computer literate with extensive experience of Lotus 1-2-3. Experience of Sun Accounts would be an advantage.

Salary is negotiable, and benefits include company car, private health scheme, pension and attractive Share Option Scheme.

Please send c.v. and hand-written letter of application to: Sarah Brooke, Personnel Manager, Ladbroke Group PLC, Chancel House, Neasden Lane, London NW10 2XE.

Financial Controller

(Prospective Director)

Diversified Acquisitive Group

Wiltshire **£38,000 + car**

Our client is a diversified privately owned group of companies, encompassing civil engineering, building, property investment, aggregates, industrial silicones and concrete plant manufacture.

The largest operating company in the construction division is based in Wiltshire and is looking to recruit a capable and experienced accountant to the position of Financial Controller. The Company has undergone significant growth and the division has also expanded by acquisition and the Financial Controller will, in due course, have functional responsibility for the accounting activities of all operating units within the division, which has a turnover of around £100m.

Reporting to the Divisional Managing Director, and functionally to the Group Financial Director, the role will take responsibility for the management of the Company's accounting and M.I.S. on a day to day basis and for ensuring that the financial and computing policy is implemented to provide a commercial and cost effective service. The function is supported by a staff of 13 and the successful incumbent will be expected to make an active contribution with regard to the overall strategic direction of the Company.

Applicants for the position should be qualified accountants, ideally graduates, aged 30-45 with a minimum of five years post qualification experience within a related industry environment, ideally with contract accounting knowledge. Experience of medium sized organisations and modern computing techniques are essential and candidates should be able to demonstrate a commercially orientated and progressive career path to date.

Please write in confidence enclosing a detailed curriculum vitae with salary details and quoting reference 15026/FC to:

Peter Childs, Director
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

FINANCE DIRECTOR

Bedford

£35,000 plus car and usual benefits

The Gordon Fraser Gallery, one of the best-known names in greetings card publishing, recently joined The Andrew Brownsword Collection to form the largest privately-owned British greetings card group.

The new direction brought to Gordon Fraser Gallery by this move is already showing good results and a Finance Director is sought to join the team now in place to drive the company forward.

Applicants should be qualified accountants with commercial experience, initiative and a practical approach to financial control. This represents an excellent opportunity for someone with ability and commitment to join this successful and rapidly growing group.

Please apply, with a detailed CV, to:-

G.F. Goodall
Group Finance Director
The Andrew Brownsword Collection Ltd
James Street West
Bath BA1 2BS

GORDON FRASER GF

FINANCE DIRECTOR

CENTRAL LONDON

c.£40,000 NEG + CAR + BENEFITS

One of the oldest and most pre-eminent consulting engineering practices is seeking a Financial Director who will be responsible to the Managing Director for all aspects of the Company's financial and administrative functions. The principal aim of the position will be to help the company continue to develop and expand its multi disciplinary business profitably. This will entail keeping the other directors appraised of financial matters and working to generate a stronger awareness of commercial values throughout the company.

The person required to fulfil this challenging role will be a qualified accountant with substantial senior level experience in engineering. It is a position that will require strong communications skills and someone who is able to operate an 'open door' management style. The appropriate level of experience would indicate someone in the age range of 35-45.

To such a candidate this position will offer an opportunity to participate in an important chapter in the practice's history and to work under the wing of an active and acquisitive parent company.

Interested candidates should contact Gordon Montgomery on telephone (071) 629 8863 fax (071) 408 0961 or write to him at the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 071-629 8863

Financial Controller

North West ***Circa £30k + Car + Benefits***

Our client a major company based in the North West of England is a key player involved in the design and manufacture of high value engineered products, in a competitive international market.

An opportunity has arisen for a well organised individual possibly looking for a first controllership who can respond rapidly to the demands of a vigorous management and dynamic business environment. Reporting to the Director of Operations you will have overall responsibility for the financial direction of the business, embracing financial planning, accounting and reporting. You will additionally be required to continue the development and utilisation of computer-based and other management information systems.

Our ideal candidate will be 35+ and C.M.A. qualified with extensive experience of manufacturing industry where budget discipline and bottom line achievement counts. Your experience to date will have exposed you to all facets of the financial management function and you should be conversant with current computer based integrated manufacturing systems. You will have excellent communication skills, the ability to make things happen and be committed to a team management philosophy.

The benefits are those associated with a company of this stature and include a first class flexible relocation package.

Please telephone for an application form (calls are answered 24 hours a day) or send comprehensive curriculum vitae quoting reference number DP/1009 to:

Trevor Swindlehurst
THE JOHN DALTON PARTNERSHIP LIMITED
4 Post Office Avenue
SOUTHPORT PR9 0US
Tel: Southport (0704) 538776
Fax: Southport (0704) 548912

(Applications are open to both male and female candidates)

THE JOHN DALTON PARTNERSHIP LIMITED
Management Selection & Recruitment Consultants

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Director of Education & Leisure

c£60,000

A unique opportunity to join the Chief Officers' Board of the City of Westminster as the Director of the largest department within the Authority with a budget of approximately £84m.

The successful candidate will be a professional with an understanding of the forward thinking required for the leadership of education combined with a thorough understanding of quality in leisure provision.

The high profile of the Authority and of this Director in the forefront of education management means *that a sound reputation for delivery* of services to meet student and customer demand is essential. The Director will also be responsible *for the library service and the* commercial aspects of allocating and managing major contracts including those for 5 sports and *leisure centres within the city.*

The Director of Education and Leisure will have the vision to build upon the programme begun so successfully by the Authority. He/she will give leadership to both the internal staff and to those involved in the local management of the schools, colleges and other educational services.

Further information available, write with CV to:-
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Full details and application form are available from the **Personnel Department, City of London Polytechnic, 117-119 Houndsditch, London EC3A 7BU.**

The Polytechnic is an equal opportunities employer. We are positively committed to a policy of equal opportunity for all. We look forward to receiving suitable applications from all sections of the community which will be considered on merit regardless of sex, age, race, ethnic origin, marital status, responsibility for dependents, sexual orientation or disability.

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The Bank now wishes to invite applications from *outstanding men and women for a number of key executive positions within the organisation. Candidates will need to* have a significant record of success in fields appropriate to the various positions, and be able to provide the highest quality management and leadership.

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Responsible for the total retail and commercial banking operation of the Bank. This position reports to the Deputy Managing Director and Chief Operating Officer and leads the Bank's major business. Primary responsibility is to ensure achievement of the annual financial plan, through effective operational control, and the establishment of sound strategies and plans to maintain the Bank's leadership in this core business.

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The Commonwealth Development Bank *is a special purpose bank, serving primary* producers and small businesses for whom *finance is not otherwise available on* reasonable terms and conditions. The position is responsible to the Deputy Managing Director and Chief Operating Officer and its prime objective is to achieve its annual financial plan through the development of loan *facilities for small businesses and farming* enterprises, including the provision of *specialised advice and assistance.*

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Responsible to the Deputy Managing Director and Chief Operating Officer for the *management of the Bank's activities in* corporate banking, treasury, capital markets and international and offshore banking and for the contribution of these activities to the *Bank's annual financial plan. There is also a* co-ordination and liaison role with AEFC. *There are institutional banking operations in* London, Frankfurt, New York, Chicago, Los Angeles, Singapore, Hong Kong and Tokyo, as well as four centres in Sydney, one in Canberra and one in each other main-land capital city.

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Written applications should be addressed to the consultants who have been retained to *assist the Corporation with these most* important appointments. Initial telephone enquiries are welcome *to Kerry McInnes on* 61 2 247 4031 in business hours or 61 2 975 1552 after hours.

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MANCHESTER BUSINESS SCHOOL

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POTENTIAL CANDIDATES ARE WELCOME TO CONTACT EITHER THE DIRECTOR OF THE SCHOOL, PROFESSOR TOM CANNON, OR THE DEAN, PROFESSOR R. L. PAYNE, TO DISCUSS THE POST INFORMALLY. (TEL: 061-275 6333).

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